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A Seattle, WA, painter, Eric Freeman knows that he can't do without the Jockey Life Max Brief—always a winner.



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BUSINESS/COVER

PARTNERS IN POWER

As governments in Europe and North America struggle to combat a pandering global recession, they are turning increasingly to free trade for economic salvation. But despite national leaders' best efforts to promote that economic theory, they are meeting resistance from those who feel that what they now have will be eroded by more open borders and greater competition.

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CANADA

ALBERTA'S NEW LEADER

Flamboyant Alberta Environment Minister Ralph Klein, a former mayor of Calgary, will replace Don Getty as Alberta's premier after capturing the Conservative leadership in a shamless party election with Health Minister Nancy Belton, considered the front-runner before the voting.

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SPECIAL REPORT

FANTASTIC VOYAGES

As the 20th century hurtles to a close, the dividing line between fact and fantasy is blurring. A new technology is poised to explode on society. It is called virtual reality and in the future it may become a powerful tool for industry—and a way of escaping into richly detailed worlds of the imagination.

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A Pressing Issue: Why?

The going was uneven at best. Canadians are losing permanent jobs at historic numbers. Those who stay are living in conditions of great uncertainty. One in seven is living in poverty and one Canadian child in six is born into poverty. Still, there were tentative signs in November that consumer confidence, against all the odds, was beginning to increase. Pre-Christmas retail sales showed some signs of strength, perhaps reflecting a spirit of strong growth in the American economy. Then, last week, Finance Minister Donald Macdonald dropped a bombshell that will almost certainly explode the bubble—and critics—confidence bubble.

Macdonald and Prime Minister Brian Mulroney argued that they had to act decisively to control an unexpected increase in the deficit. The finance minister claimed that tough austerity measures, coupled with extremely modest growth initiatives, will accomplish that without weakening the economy. Perhaps. But the more pressing issue is, why now? Why risk shuttering a potential recovery before it has a chance to take hold? The deficit is a serious concern—although a recent poll for Maclean's and CTV shows that significantly more Canadians are concerned with the prospect of economic growth than with reducing the deficit—but the time to cut it is during a period of growth. If there was a pressing reason for acting now, the government has an overwhelming obligation to make it clear.

In this week's cover story, Business Editor Debbie McMurphy explodes one of the most enduring myths about trade with Mexico: the under-advantage that it derives from cheap labour. Reports McMurphy, "For each worker hired, thousands of applicants have to be vetted. When that process is complete, they need many weeks of training and the turnover rate is very high. Labor actually costs at a pretty high cost."

Kevin W. O'Connell



Cover team: Barbara Wickens, John Cairns, Debbie McMurphy, John Gault and Brenda Daulton. A bombshell will almost certainly explode.

Maclean's

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LETTERS

Fishing for a yacht

Maclean's is to be commended for its thorough update on our Royal Family's status, image and problems ("A royal few years," *Cover*, Nov. 30). However, I wish to draw attention to the picture of Prince Philip and Prince Edward ("Scenes from a family album"). The caption claims that the duke is fishing. To the practiced eye of many of your readers, clearly he is *not* fishing, not fishing. He and his son are very obviously aboard a yacht with Prince Edward at the helm. The Duke's right hand happens to be grasping the overall backstay, a support guy running diagonally from the top of the masthead to the transom of the yacht. It is not a fishing rod.

John L. Whittle
Gastrolle, Ont.

Refugee revision

Maclean's documentation of "Europe's nightmarish" *Covers*, Nov. 30, provides ample evidence that while war, conflict and outdated laws, including Germany's asylum regulations, are involved, the human beings, by opposing such legislation, can win considerable publicity and public support. Hopefully, Canada's costly, ineffective and increasingly unpopular refugee determination legislation, which a former Supreme Court judge has condemned as being merely administrative inconvenience, will be revised before social upheaval and anti-immigrant paranoia become rampant.

Dr. D. C. McCaig
Nelson, Ont.

Elimination round

So, senators want to be reformers ("Looking for some respect," *Covers*, Nov. 30). The Senate plays no games, but as a reward to aggrieved partisan hacks and the odd estranged individual who wish to be guaranteed a "job" (see *Covers*), could dream of it to the House of Commons that requires reforming, not the Senate. Reforming the Senate would imply extraordinary mass duplicating growth. The Senate should be reorganized for what it is: a body of paid partisan cynics. If Prime Minister Brian Mulroney and company were serious about fairness and law reform, they would courageously start with the elimination of the Senate.

David Liss and Cheryl Hapner-Liss
Toronto

No one can fail to be moved to pity by the sorry tale of Alan Fotheringham, although we can-



The Queen and Prince Philip press for a 'thorough' update on royal problems

not know what childhood trauma in Saskatchewan was caused him to go into orbit as Canada's very own inepted troublemaker whenever he hears the awful words "the Queen." Why does he not exercise this agency by telling us how we should replace our "foreign" *royalist* appointment by the vice-president of the United States and not do because Don Quayle will no longer be in office and there is no guarantee that his successors will be endowed with his standard of family values. Perhaps our ruler should be elected by the members of the Ottawa Press Gallery. Their qualifications to pass judgement cannot be questioned.

C. M. Lapierre
Edmonton, Ont.

'Royal nonsense'

What that Maclean's has at least one correspondent who removes the rose-colored glasses to view the royal nonsense ("Pass the gin and spike the sensationalism," *Covers*, Nov. 30). An expensive luxury that went out of date about the time of Oliver Cromwell. Keep up the good work, *Peth*.

S. W. Cooper
Penticton, B.C.

'Very proud'

For several reasons, I am outraged by the article on *Covers* ("Coccarda's trials," 1) which appeared in your Nov. 9, 1982, special issue on terrorism: "Measuring evilness."

The cover clearly revealed to me what Mar-A was trying to accomplish. It dealt with sex (many of student mores on Canadian society

captured) and violence (the exclusive "behind the scenes report" on Coccarda). From a few sensationalist paragraphs, both topics will emerge. But what, I wonder, was the article on Coccarda doing in a special issue that purports to survey and rank Canadian universities? Those purchasing the magazine for that purpose learn nothing about Coccarda beyond the Aug. 24 murders, and allegations about inappropriate work respect to certain individuals in the faculty of engineering and computer science. Concordia University, and its faculty of engineering and computer science, deserved considerably better than that. For the many hours of work that many people in this university devoted to answering your questionnaire and its numerous subsequent questions, to giving interviews and to reviewing material, we expected that we would receive fair and balanced coverage. I am personally very proud of this university's many achievements, of the strength of its faculty, students and staff, of how this community has started to overcome the grief and anger that followed the Aug. 24 murders. To be turned by your magazine's brush in such a gratuitous and distorted manner, even before the university had concluded its inquiries into all aspects of the shootings, is iniquitous. By lending a measure of credibility to someone charged with cutting down, in cold blood, four men known for their exceptional professional and human qualities, you have also hurt the victims' families, colleagues and friends. It was the fine professors and our staff members, not the killer, who were in the wrong place at the wrong time. To say otherwise demonstrates an unimpeachable lack of sensitivity and judgment.

Patricia Knott
Nether & Vignacourt
Concordia University
Montreal

Letters may be condensed. Please supply name, address and daytime telephone number. Write Letters to the Editor, Maclean's magazine, Maclean's House, 107 Bay St., Toronto. Tel. (416) 593-1211. Or fax: (416) 593-1733.

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COLUMN



The NDP plans some shotgun weddings

BY DIANE FRANCIS

Organized labor has its rightful place in any society as a counterweight against abuses of workers by employers or owners. But unions can be a tyranny of their own if allowed to ride roughshod over individual rights to enhance their coffers or power. And there is a worrisome precedent on the part of some members of the Canadian Labor Party (CLP), in power in British Columbia, Saskatchewan and Ontario, to ignore workers' rights in favor of unions for its own sake. As late as 1990, some provincial workers in Ontario who may be forced to support a union through paying dues without worker consent. Even worse, there appears to be no charter protection for these public-sector workers thanks to an unfortunate Supreme Court of Canada decision of several years ago.

Joel Ballentyne is president of the Association of Management, Administration and Professional Crown Employees of Ontario representing 50,000 non-union members. Her group complains about six per cent of Ontario's entire public-sector workforce and how best fighting mismanagement proposed by the NDP cabinet's management board to Ontario's Crown Employees Collective Bargaining Act. The act determines who bargains as an behalf of provincial government workers and also determines who has the right to strike. The amendments, which will affect 18,000 workers, and prevent 2,000 workers from choosing their bargaining unit as now before the Ministry of Labor headed by Minister Jean Charest. Robert Macdonald, if he upholds the proposed amendments to the act—and there is little reason for doubt—then the changes will go before the legislature. Most feel they will become law as early as this spring.

The board recommended that 9,000 of the 18,000 non-management, non-provincial public-sector workers be put into a new bargaining unit. This would be a conflict of interest in terms of joining any bargaining group. It recommended that about 2,000 be put into a new bargaining

While extension of union membership is always a festering issue between workers and management, this case has gone a step too far

unit with freedom to choose their bargaining agent and that another estimated 2,000, represented by professional associations, also be given formal bargaining status.

The fight between the association representing the 2,000 employees, and the board concerns the board's recommendation that 2,000 workers move into the bargaining unit of the Ontario Public Service Employees Union (OPSEU). While extension of union membership is always a festering issue between workers and management, this case is different. Instead of letting these 2,000 workers choose their own bargaining group, as 7,000 others have been allowed to do, the NDP's management board has gone one step too far in recommending that these 2,000 workers be chosen by choice in the matter. Those who support the 2,000 joining OPSEU point out that this union has been recognized as the principal bargaining unit for provincial government employees over the years. But that's beside the point. If 5,000 can be put into a new bargaining unit with freedom to choose their bargaining agent and another 2,000 can, why not these 2,000? And why OPSEU, and not another union that now represents provincial government employees? At the very least, these workers should be

given a secret ballot, along with all the other workers, to determine whether they wish to join any bargaining unit and, if they do, which one. By forcing 2,000 workers to join the public service employees the NDP will have handed over what amounts to an annual gift to the union of hundreds of thousands of dollars, itself in yearly dues as high as \$600 for the captive workers. This is the labor equivalent of an unfriendly takeover using workers' own money. "Many of us don't want to join the Ontario Public Service Employees Union," said Ballentyne. "We're not against the idea of a professional association with bargaining rights, however."

In addition to the 2,000 who need to exercise the right of choice, only among the 5,000 work-excluded from joining any bargaining unit are equally upset. And rightly so. They too deserve a choice. Ballentyne says that many want to join a union or a bargaining unit because of the NDP government and its intransigent union towards unorganized workers. This is ironic because it means that a previous government doesn't even have to mandate union-dues payments to drive people into thinking they must join one.

Unfortunately, the unions are available to these workers only as a stand-in for the government of a certain province. Said Ballentyne: "Our lawyers told us on the last Supreme Court decision on a similar issue concluded, under the charter that although one has freedom of association, there is no freedom to select who represents you." She added: "This is a mind-boggling decision involving the movement of the Northwest Territories of a group of public-sector workers from one union to another without consulting the members. The case was fought by the two unions. But our lawyers said, given the precedent, their attitude was to let things happen before we have to go that far and let the province to court."

These civil servants are right. It is ironic that the presentist bias towards unions of the Ontario NDP government has driven many of them to want to join a union or other form of collective bargaining unit to protect their rights as the result of layoffs or buybacks. It is also ironic that the NDP's recommendations would deny collective bargaining to 9,000 workers while limiting unions to 2,000 others. All these workers want is the right to the same treatment as the rest of the public-sector employees, with the freedom to choose whether they want to be represented by a union or other bargaining agent. Ontario laws also grant workers the freedom to choose which union or association they want to represent them in representative duty free from those rights in discriminatory and unenforceable.

"Personally," I and Ballentyne, "I feel we're much better served with some collective voice, given the government there right now. This government, and past governments, have only worried about meeting the needs of organized employees. This is not a democratic practice because a unionized employee, that I feel very strongly one should be able to do that on one's own terms. The 2,000 workers are being forced to join a union. And that's not right."



Job seekers in Toronto: changes to EI overhauled other budgetary measures

Austerity for hard times

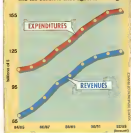
Ottawa cuts spending to reduce its deficit

Frustrated with poor career prospects after five years in a computer operator for the department of external affairs in Ottawa, Kevin McCarthy left his job last December and joined the unemployed. Over the next 10 months, he collected a total of \$7,800 in unemployment benefits—and sold personal belongings to cover living expenses that included \$400 a month for rent. He also had plans to start his own business. On Nov. 20, a month after his EI benefits ran out, McCarthy, 34, and four partners opened an Ottawa-based communications company that specializes in fibre-optic and computer software. The former public-relations union steward says that he had no qualms about drawing unemployment while plotting his future. Added McCarthy: "I put enough into the system that I felt I could take a chance to look for something better." But with last week's economic statement by Finance Minister Donald Macdonald, that traditional cushion will soon disappear.

In a mini-budget that slashed \$7.6 billion from projected government spending over three years while offering a "pocket budget" to Canada's depressed economy, Macdonald also tightened services to the most vulnerable Canadians—the unemployed. Among the measures: to take effect in April, 1993 a five-per-cent reduction

in unemployment payments and the elimination of benefits to workers who resign without "just cause" or are fired for misconduct. Describing his critics as "howling heretics," Macdonald defended his austere measures. Said the finance minister: "There's no sense that all we do

in the late 1980s. Higher taxes helped reduce the federal deficit. But the recession has slowed revenue growth—and the deficit is once again increasing.



is bring out the cheque-writing machine. Those days are over."

Indeed, the financial statement painted a bleak economic forecast—and put forward the argument that Ottawa has little room to maneuver. For one thing, poorer-than-expected economic conditions have resulted in a projected federal deficit of \$24.4 billion for the 1993-1993 fiscal year—about \$7 billion higher than Macdonald originally estimated in his February budget.

According to senior Tories, that forced the finance minister to self-pressure him to force some caucus colleagues to consider cuts to meet his present seven-per-cent Goods and Services Tax cut or to personal income taxes. Instead, he chose modest spending programs that included a \$500-million highway-improvement program; a freeze on unemployment insurance premiums for existing jobs; and a 10-per-cent investment tax credit for small businesses.

But the outcry over Macdonald's changes to Canada's unemployment insurance program, which is paid for by employers and employees, overshadowed those other measures. Employment and Immigration Canada officials estimate that of the three million people a year who file for unemployment benefits, 225,000 quit their jobs without just cause while another 40,000 are fired for misconduct. As of last April, officials said, more than a claim is rejected on the basis of information supplied by employers and employees. The decision can be appealed to a tribunal—a process that can take as long as 30 days. But by tightening eligibility, Macdonald said, the unemployment insurance program will save \$500 million in 1993 alone.

Although business spokesmen applauded the measures, critics charged that the new rules are discriminatory, especially against women and the poor. Under the Unemployment Insurance Act, "just cause" is defined in terms of job because of "sexual or other harassment, business working conditions, obligations to follow a spouse, discrimination under the Human Rights Act or obligation to care for a child." Last week, representatives of women's groups argued that, among other things, it is still difficult for women to prove that they have been sexually harassed in the workplace. And the National Anti-Poverty Organization, an Ottawa-based lobby for 390 social assistance groups, said that the new rules substantially limit the options available for poorer Canadians. Said Lynne Bojars, the organization's executive director: "People who work in low-paying, dead-end jobs will be forced to stick to those jobs, and be forced to move." In a recession-stricken economy, Macdonald's string medicine will clearly be unpleasant to many Canadians.

By KATH FULTON with LARRY FISHER and ANTHONY WILSON-SMITH in Ottawa

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A flamboyant upstart

Ralph Klein is Alberta's surprise winner

Raunched up until the vote counting began, most members of Alberta's Conservative establishment seemed convinced that Health Minister Nancy Belton was a sure bet to capture the party leadership and become the province's next premier. But Ralph Klein, the 60-year-old environmental minister and co-founder of Calgary, has made a career out of confounding the pundits. And on Saturday night he did not let his followers down, scoring a decisive victory in the run-off election to succeed Premier Donald Getty, winning 46,245 votes—or 59 per cent of the total—to Belton's 31,732. "It is a good message, from country and city," Klein said as he looked his way through a drizzle of balloons released by party supporters from the ceiling of Edmonton's sprawling Agrium Building. He added that grassroots Conservative voters had rallied to him in droves after political analysts estimated Belton as the frontrunner. "People got mad," the premier-elect said. "They wanted to help."

Only a week earlier, Klein's chances of succeeding Getty had appeared to dim considerably. He trailed Belton, the bilingual, 43-year-old son of a well-off Edmonton rising, by one vote in the first round of a new, province-wide leadership selection process. In the following days, all but one of the seven other failed contenders threw their support to Belton, looking many to predict that Alberta would soon have its first woman premier. But in a political season marked by widespread disaffection with elites, that backdrop of support for Belton actually appeared to work to her detriment. "When all of the others went for Belton," said Bill Payne, a Calgary MLA and a close adviser, "it made him look alone, the underdog."

At the same time, Klein's supporters made good use of the week between the first round of voting and Saturday's runoff. Under new party rules, all paid-up Conservatives were eligible to vote in the leadership contest—and 25 members could be pushed right up until the polls closed. "There was certainly a lot of buzz in Calgary," said Thompson Macdonald, a communications consultant and Klein's former boss at Calgary's TV station CTV. "We had people coming in to pay their \$5 to join and vote, from here, from my baby's room in a trailer." So many walked in that no ran out of membership tickets. "Another Klein supporter, 81-year-old farmer Bill Gibb, said that he signed up

50 new Conservatives last week in his home community of Edson, 168 km southeast of Edmonton. "He was really the only one who cared about rural Alberta," said Gibb. "If he lost, I was out of the party."

Klein's platform included a promise to reduce Alberta's \$15 billion government debt while observing the tradition of no provincial

debt to take him seriously. Klein's free-wheeling nature and lack of pretension have clearly earned him a wide following. Born in Calgary, he dropped out of high school at age 17, shortly after his parents' divorce, and worked briefly for the Royal Canadian Air Force, an experience that he says convinced him of the need for an education. He then took a crash course in commerce at a tiny Calgary business college—later becoming the school's principal. In 1953, he worked jobs and became a public relations adviser. Six years later, CTV hired him as a reporter, a job that paid him interest in politics and made him a well-known figure in northern Alberta.

When Klein entered public life in 1980, running for Calgary mayor with \$300 of his



Klein, wife Colleen: decision-making from the bottom up, rather than the top down

own money and a promise of open government, critics dismissed him as an upstart. But he triumphed and easily won re-election in 1983 and 1986. After presiding over the successful 1983 Calgary winter Olympics, Klein entered provincial politics, winning a Calgary seat in the 1980 election. Throughout his career, he has never shied away from controversy—he once made headlines by taking out at the nation's "cringe and blush" when he said, while visiting his city, that even drivers express admiration for his ability to read the public mood. And for his supporters who said that it is time for a break with the past, Klein is clearly the Tories' most appropriate standard-bearer.

Although political analysts have often re-

sented the Liberal cause of his rivals, he also pledged to keep his hands off the \$12 billion Alberta Heritage Savings Trust Fund, created in 1976 to stage a fund payback at the province's annual oil and gas royalties. But for many grassroots Tories, the real source of Klein's appeal lay in his description of himself as "the candidate of true change" at a time when the Conservatives, in power for 21 years, lag far behind Laurence Devo's Liberals in opinion polls. A natural, plain-spoken populist with an acknowledged fondness for cigarettes and beer, Klein assured his supporters that he would run a "people-oriented government with decision-making from the bottom up, rather than the top down."

ROSS LAYER with JERRY HOBBS in Edmonton

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WILD IN THE STREETS

LAWLESSNESS IN BELGRADE IS A BRUTAL EXTENSION OF WARS IN BOSNIA AND CROATIA—AND IT IS WORSENING

Belgrade schoolboys have a new hero. Thousand of his trademark black leather jacket and heavy gold chain, 23-year-old Alexander Kosevski was a Serbian version of James Dean—with a difference: he was a rebel with a cause. Some residents of the Serbian and Yugoslavian capital and first he was a gangster who led protection rackets and robbed Belgrade's main casino. Others claimed that he was a star assassin in a Serb paramilitary group. Legend and reality became forever blurred on Oct. 28 when an unknown gunman pushed five bullets into Kosevski as he sat in the driver's seat of his luxury hotel room in Belgrade. On the night of his death, Kosevski's gang of Mafia-style thugs considered the city's casinos, dancing clubs and bars to stop playing music and shut off their lights as a sign of mourning. And in the following days, relatives to the young gangster filled the front-page of Belgrade's newspapers with a new pop song dedicated to Kosevski. It's *Hard to Live* based from a Serbian song "My son is named on him," and the author of one 14-year-old fan of Kosevski. "They exchange all kinds of stories about him at school. In this kind of atmosphere, how can I persuade him to achieve anything else?"

Shoot-outs, drug crime and general lawlessness have become commonplace in Belgrade, which has been suffering shortages of food and other necessities because of United Nations economic sanctions. In an effort to stop the accumulating violence, both at home and in neighboring Bosnia, Yugoslav Prime Minister Milan Milutinovic last week made it clear that he would challenge

nationalist strongman Slobodan Milosevic for the Serb presidency in Dec. 28 election. Milosevic, Serbia's president since 1988, is widely regarded as the man largely responsible for the bloodshed that has ravaged Croatia and Bosnia since the breakup of Yugoslavia last year. So far, one Western diplomat, who spoke on condition of anonymity, "It's a choice between a brighter future or international isolation, war and poverty for years to come."

Analysts say that the breakdown of order in Belgrade is a direct result of the Balkan war. More than five weeks after Kosevski's murder, no killer has been found, although his father blames frustrated policemen for the killing. But other Serbs say that he was killed by "Jedini," the pseudonym of a notorious Serb paramilitary leader, Zeljko Razuvajevic, whose so-called Tigers are linked to what they call ethnic cleansing in Bosnia. The reason, according to one source, "Kosevski had worked with Armen but was getting too big for his boots."

Indeed, residents of Belgrade's expanding underworld are now making a fortune exchanging 130 sanctions, with gangs smuggling goods into Serbia that are prohibited by the international and trade embargo. Out of the city's trafficking mechanisms for goods, money is being made that have sprung up throughout the capital. Some of the bands offer 13-per-cent interest a month on foreign currencies, paid in kind, and 70 per cent on the local dollar. Facing rampant inflation and unemployment because of the sanctions, desperate Serbs have been permitted their savings into the new banks, which some Western diplomats say have been set up using money stolen from Bosnia and Croatia. In fact, there are reports that Serb paramilitary leader Arkan recently ordered the building houses, sending several men to Belgrade's black market, even to threaten rivals who offer a higher rate of return on investors' money.

According to a Belgrade police spokesman, authorities are unable to stop the black marketeering and other gang-controlled crime in the capital because old federal law-enforcement structures are breaking down. He added, "Yugoslavia has collapsed and the traditional links between the Serb and federal police no longer function."



Peace: learning how difficult it will be to oust Serbia's hard-line president

But there are also indications that Belgrade's gangs are linked with both Milosevic's government and local police. During the summer, when police in the Serb-dominated republic of Montenegro arrested Kosevski on charges of killing another gangster, Serbian interior ministry was his sponsor—and even dispatched a helicopter to fly him back to Belgrade. And during an anti-government demonstration in Belgrade's main Tuzla Square, police discreetly withdrew moments before members of Kosevski's gang began beating to the violent protesters. "They have loved and killed," and a source close to the gangsters who have fought in Serb paramilitary groups in Croatia and Bosnia. "They have taken a liking to the *Ustasha*, the crop pickers, and carried this over to Belgrade. Nobody can control them."

Peace, a Serb-born California millionnaire-humanitarian, has been crying. When the 68-year-old emigrant returned to Belgrade from the United States five months ago to become prime minister, many Serbs and foreign leaders dismissed him as a less talking opportunist

with little understanding of the politics or people of the country he had led 35 years earlier. But he surprised Yugoslav and Western leaders by refusing to be intimidated by Milosevic and by encouraging international efforts to end the fighting in Bosnia. Two days after he assumed his candidacy for the Serb presidency last week, however, elected authorities ruled that he failed to qualify. The reason he did not meet a one-year residency requirement that Milosevic's government rushed into law last month.

At week's end, Pasic appealed what he called the elected government's "mass" elections. And opposition parties threatened to boycott the elections if the decision was not revoked. But Pasic's chances of winning the appeal appear to be slim: the president of the electoral commission is also the president of the High Court that will consider the appeal. And even if he is successful, political analysts predict that he will have a tough time convincing Milosevic, who remains strong support

among Serb radicals and nationalists—and total control over influential state-run television. "There's no chance in hell of a fair election," said one U.S. official in Washington, who again on condition of anonymity. "Milosevic will make sure he stays by far as long as he can."

Analysts say that the glorification of Kosevski and other gangsters is symptomatic of a serious social and moral crisis in Milosevic's Serbia. Stud a Belgrade psychologist, "After 45 years of modeling the whole society from above, we are faced with a natural struggle of each against all. And in this struggle, the strongest and most unscrupulous, not the best educated and honest, take the best position in society and become its economic elite." For Serbia's unscrupulous young people, good role models may become as hard to find as democratic elections.

ANDREW BRANKI and LOUISE BRANKI in Belgrade

World Notes

CAPE FEARS

Two violent and deadly attacks in Eastern Cape province were a wave of fear through South Africa's memory white community. The second wing of a radical but legal black political organization, the Pan Africanist Congress (PAC), claimed responsibility for a gun and grenade attack on a Christmas party at a country club in King William's Town. The assault killed four whites and wounded 30 other people. Five days later, a bomb exploded at a Queenstown restaurant, wounding at least 11 whites.

COASTAL CRATER

A Greek tanker carrying 80,000 tons of crude oil ran aground in heavy seas off Spain's northeast coast, then split in two and caught fire. Emergency crews set up barricades across La Canalia harbor and closed entry by coastal mines to repel oil slick of about 20 square miles. Environmentalists warned of potential dangers to wildlife and coastal beaches.

A CHRISTMAS BLITZ

Irish Republican Army guerrillas exploded two bombs in the northern English city of Manchester, injuring 65 people. The attacks followed a series of small explosions in London throughout October, and three other failed bombings in November. Police and military officials planned to tighten security for a European Community summit this week in Edinburgh. The U.S., which is holding its own forum in Northern Ireland, said that its latest campaign was aimed at curbing public opinion.

CONVENTION TERROR

The young Communist group confessed to murdering three Turks in a Nov. 23 firebomb attack on a house in Mollat near Barcelona. And the government moved to counter right-wing military that has hit 17 people dead and 452 injured in a series of bombings and shootings in the city. Among other suspects, it named the music of a national rock group whose lyrics advocate racism and genocide.

LOVE'S SENTENCE

In Nassau County, N.Y., judge Marvin Goodman sentenced 18-year-old Amy Fisher, nicknamed the "Long Island Lolita" by tabloids, to five to 15 years in jail for shooting her alleged lover's wife in the head. Fisher was accused that she had an affair with the victim's husband, Joseph Buttilo, 36, and that he encouraged her to attack his wife, Mary Jo Buttilo, after the allegations.



A policeman watches a Communist protest; disputes over the speed of reform

RUSSIA

Opening a secret city

Once-closed Gorky is open for business

With its redbrick fortress overlooking the Volga River, the city of Nizhny Novgorod evokes Cold War images of a secret place in the Russian heartland. In 1960, the Kremlin sent dissident nuclear physicist Andrey Sakharov into internal exile in the city—then called Gorky after the Soviet writer Maxim Gorky—where he effectively vanished from Western sight for almost seven years. Gorky was off-limits to foreigners throughout the Cold War, a closed city where factories produced parts for missile-powered submarines and MIG fighter planes. Now, after returning to its traditional, if more staid, name of Nizhny Novgorod (Lower Novgorod), Russia's third-largest city is in the vanguard of the country's halting march toward capitalism. Once again as open city, Nizhny Novgorod began selling off state enterprises at weekly auctions last March and, so far, about 430 restaurants, bookstores and other small businesses have been privately owned. Said Dmitry Bogdanov, the mayor of the city's 2.5 million people: "To perestroika Vladimir Lenin. Now we are in the right wing."

Not all Russians agree. After a year of economic shock therapy, most Russians have seen their purchasing power drop, prices soar, and the two fronts of hyperinflation and mass

unemployment loom ever closer. Anger at these conditions erupted last week in Moscow, 400 km to the west, at a meeting of the 1,041-member Congress of People's Deputies in the Grand Kremlin Palace. There, entrepreneurial supporters of President Boris Yeltsin faced a lone and furious conservative deputy seeking to control, or at least slow down, the conversion to a market economy. Outside the Kremlin, police struggled to hold back anti-government demonstrations, while state, political and law-guarded Yeltsin loyalists had demanded that the free-market reforms be changed to give more control to state planners. At one point, the debate descended into a shouting match as front of the speaker's chair over an attempt by Yeltsin's most vocal opponents to prevent voting prime minister Yegor Gaidar, the key architect of the government's economic program.

But many of Yeltsin's most dedicated opponents were not in the hall or in Moscow's streets. They are the industrial managers of plants in every city and region in the country who, under Communist rule, acted as all-powerful economic bosses, overseeing production and supply as well as factory-owned housing, food supplies and jobs. In some cities, the managers have resisted Yeltsin's most impor-

tant initiative: a mass sell-off of state enterprises to private owners, which managers see as a dramatic curtailment of their power. But reforms encouraging a Nizhny Novgorod, where a band of Yeltsin's young political allies have set the pace for privatization.

These acknowledged leaders in Boris Nesterov, a 33-year-old physician who won a seat in the Russian legislature in 1990. He managed Yeltsin's successful presidential election campaign in June, 1991, and soon became the emboldened Russian leader during the heated right-wing coup in August. Later in one of the president's men in Nizhny Novgorod, Nesterov persuaded the Russian leader to make that area and its spread of state-owned defense plants the testing ground for privatization. That process has begun, but the accomplishment of an intense local debate over problems that are vast, varied and complex. Said Nesterov: "Everything depends on the region. If democracy and a free market do not succeed here, they can't make it anywhere in Russia."

The city as the Volga is well placed to be Russia's laboratory for economic change. Apart from having energetic politicians with unconventional backgrounds (the man running the municipal privatization program is a physicist), Nizhny Novgorod has a rich history of commerce. Before the Bolsheviks took power in 1917 and ended the practice, the city staged Russia's most important trade fair each year. Now, even the daily trains carrying diesel-wired foreign and Russian businessmen to two from Moscow display signs of that growing openness: the blinds on the carriage windows are ungrated with the hope of the city's fledgling stock exchange.

During more than seven decades of communism, Nizhny Novgorod and the surrounding area developed into one of the Soviet empire's top producers of military equipment. The 106 delicate plants remain vitally important to the area's economy, employing 22 per cent of the workforce. Another major employer is the Gorky Automobile Factory, or GAZ, a huge auto plant that once boomed once proudly claimed as the largest single industrial complex in Europe. GAZ alone employs 125,000 workers who turn out vehicles ranging from big Volga sedans to armored personnel carriers. But defense budgets are shrinking and Moscow is trying to cut out government contracts to GAZ and other socialist dinosaurs, without simply dumping thousands of redundant workers.

From his office under the city's smaller version of Moscow's famous Kremlin, Mayor Bogdanov spelled out the simple political equation underlying privatization: large numbers of property owners would make a central

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of the old system highly unlikely. Local plans own more than half the city's housing stock, and rent apartments to workers for just 39 per cent of the average yearly maintenance and utility fees. Under still-evolving plans, local residents will become owners of their houses for no charge and take on responsibility for their costs. Eventually, said Medvedev, "most people here are going to have to bear as much of their housing costs as people in Britain do in the West."

The city has also set up a construction bank to smooth the path to civilian production. A loan from the bank helped the city's weathered Hyemey works, a defunct plant owned by a branch of Lenin's wife, Nadezhda Ulyanova, shift to producing ovens, toasters and other consumer products. But Nikolai Kuznetsov, the plant's 35-year-old deputy director, freely admitted that he still had strong reservations about many central government policies. Said Kuznetsov: "I do not see how these changes are helping ordinary people. After one year, all we have to show for it is high inflation."

But outside experts have helped push the privatization process along. Grigori Radnagel, an economist and former Soviet deputy prime minister who spent much of last year working on reforms of Western aid for the collapsing Soviet economy, narrowed his privatization focus to a single area of Russia—toward Nizhny Novgorod—at the request of his friend Nemtsov, the regional governor. And Nemtsov invited the International Finance Corporation, the commercial lending branch of the World Bank, to visit the region. That resulted in the corporation writing the book on Russian privatization—a how-to manual that about 6,000 other regional governments now study.

The manual should be required reading at Lenin's new city hall. While the Nizhny Novgorod region has sold off about 880—or nearly half—of the small businesses since March, Moscow-area officials have privatized only 107 of their 13,418 small businesses.

Alexander Larev is a 48-year-old physicist when he came to work and drawn together in the 13-hour days he routinely finds deriving Nizhny Novgorod's small-business sell-off. He says that local authorities have attempted to balance the rights of owners and the employees of former state enterprises. Said Larev: "We sell the assets of liquidated businesses and the city assumes former debts and obligations to the workers. That way the

new owner starts clean. The city then takes 30 per cent of the money received for the businesses and uses these funds to pay for unemployment benefits and retraining of workers."

In October, 35-year-old Sergei Dmyanov contributed to these special funds when he bought a used truck for 250,000 rubles (\$340). But before, 1987 car product was the first of some 1,200 state-owned vehicles that local authorities are now auctioning off in the hope that private traders will distribute goods more efficiently than the old state monopoly.

Said Dmyanov: "I am glad this is happening in Nizhny Novgorod, and believe that it returns to our old way of life is more responsible."

And clearly some citizens are benefiting from the changes. Near the city centre, past an outdoor office crowded with state-owned secretaries and tough-looking bodyguards, Vladimir Sedlov, a doctor, declared local gossip that he is the richest man in Nizhny Novgorod.



From a modest stake, used to finance a restaurant making designer shell wedding from waste cardboard, Sedlov estimated that his business empire that includes small retail stores and publishing has grown to a net worth of 750 million rubles (\$9.3 million) during the past three years. That is a huge sum by Russian standards. But Sedlov, an ascending figure in a dark blue suit, insisted that it was simply a beginning. Said Sedlov: "I have still, we must have private ownership of land. Without that, the so-called economic reform is merely a game."



Nizhny: a push to privatize

Those thoughts were echoed in Moscow last week, even among many of Yeltsin's opponents. Russian Kirevskiy, the federal parliament's anti-imperial speaker, argued that few Russians now question the market system. Said Kirevskiy, a ramped former professor of Marxist eco-

nomics who has become one of Yeltsin's harshest critics. "The struggle is not between the reformers and anti-reformers. The dispute is about the methods of carrying out the reforms." In that regard, power struggles at the national capital are increasingly unlikely to interrupt Russia's march to market. The cord for private ownership is straining, but Russia's desperately sagging economy has long been evident in foreign businesses. Now, as the reformers of Nizhny Novgorod are making clear, that same cry is gathering substantial voices from the once-closed Russian heartland.

MALCOLM GRAY is Nizhny Novgorod

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WORLD

SOMALIA

The cavalry charges

The UN chooses force to end Somalia's agony

Month after month, the world looked at television pictures of starving children, too weak to stand on stick-like legs eyes glazed by approaching death. Month after month, the world watched anguished mothers rocking on their bosoms under a blinding Somali sun, too dehydrated to shed tears for the dead and blatted babies they clutched in their arms. Relief agencies raised money to avert food. But south of the food, stales by rising thugs to the bare of feeding warlords, never got to the hungry legions clustered on the impoverished East African nation's plains and high plateaus. Finally, last week, the world had had enough: the United Nations Security Council voted to send an army, predominantly American, to protect food and medicines and ease Somalia's horror. Said President George Bush: "We will not tolerate armed gangs ripping off their own people."

The decision by the Security Council was cautious, historic—and perhaps prophetic: It marked the first time in its 45-year life that the world body agreed to dispatch combat troops uninvited into a sovereign state with orders to shoot anyone trying to interfere with a peace-keeping mission. And even as the vanguard of 1,800 heavily armed United States Marines prepared to secure the port and airfield in the capital of Mogadishu, there was speculation that Somalia may be the first major war to involve civilian peacekeepers. Hundreds of civilians, caught between warring factions, are being killed every day in the wreckage of the former Yugoslav republics and in the West African zone of Liberia, with the abasques of a trace in Cambodia. Inevitably that Southwest Asian state with a return to civil war. For decades, blue-helmeted UN troops from Canada and other countries have had neither the numbers, the arms nor the mandate to deal with threats to the peace they were assigned to preserve in far-flung parts of the globe.

The degree to which the UN role may change



Awailing aid, thugs steal from their own people

was illustrated on Dec. 4 in Ottawa when government and military officials announced that up to 500 Canadian troops would join the 18,000-peacekeeper U.S. force being sent to Somalia as part of Operation Restore Hope. External Affairs Minister Barbara McDougall said that the Canadian action would help end "the appalling suffering of the Somali people." The remark, added Gen. John de Chastelain, chief of the Canadian Defence Staff, was to put an end to "the current circumstances under which humanitarian aid is being both blocked from being delivered to the right people and being plundered by armed gangs." To that end, elements of the Canadian Airborne Regiment and the Royal Canadian Dragoons will be equipped with heavy machine-guns, mortars, armored personnel carriers and armored fighting vehicles when the main force deploys in Somalia in January 2000. de Chastelain, "I would not want Canadians to think that there is no possibility of casualties. There is," he said.

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WORLD

U.S. Gen. Thomas Kelly, who was a Pentagon spokesman during the Gulf War, estimated the slaughter as "two or a whole of 50."

Following the Canadian and American peacekeepers' mission Somalia before going way to a peacekeeping force was unclear. McDonnell and Canadian soldiers would stay for no more than a year. And although Bush said he wanted U.S. troops withdrawn by Jan. 20, the day that presidential election, Bill Clinton—who supported the action—assumes office, Defense Secretary Richard Cheney said that it may not be possible to turn the country over to UN peacekeepers that soon. Sen. Gen. Colin Powell, chairman of the U.S. Joint Chiefs of Staff: "It's sort of like the cavalry coming to the rescue, straightening things out for awhile, and then letting the marshals come back to keep things under control."

Meanwhile, reaction to the prospect of the UN as referee—and not just peacekeepers—was sharply favorable. In New York, Kenneth Roth, deputy director of Human Rights Watch, said that for the past year his organization had wanted "some sort of armed protective force to permit the voluntary relief efforts that are under way to proceed without interruptions by the warlords." The International Committee of the Red Cross, which has been feeding more than one million Somalis, reported that supply shortages had forced it to cut as half the number of meals it serves. And in Rome, Pope John Paul II, in an apparent reference to Somalia, told a few hundred cardinals that the world must intervene whenever factional fighting leads to starvation. Said the pontiff: "Wars between nations and internal conflicts should not condemn defenseless millions to die of hunger for selfish or partisan reasons."

But in the self-enclosed republics that once made up Yugoslavia, combat continued to die last week and Rep. Gen. Adnan Abdolrahman, the Egyptian commander of 1,600 UN troops in the besieged Bosnian capital of Sarajevo, said that the world's important war's between tyrants because there had become hopeless. Said Abdolrahman: "We are not making any progress. This situation is deteriorating. All our efforts have to save lives and restore order have completely failed." He said that the international community should set a one-month deadline before using military force to stop the fighting.

In the arid wasteland of Somalia, the UN is now set to test their new approach to humanitarianism that may well offer aid, if distant, hope for the war-torn in Yugoslavia and other victims of conflict. Bush's warlords have been attacked by critics, who protested that his promised dream of a "new world order" in the wake of the UN-sponsored, U.S.-led military campaign that drove Iraq from Kuwait has never amounted to more than rhetoric. In the twilight of his presidency, Bush and the rest of the world may be contemplating a newly invigorated United Nations that is prepared to settle for nothing less.

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IN ECONOMIC THEORY, FREE TRADE WORKS, BUT THE REALITY IS MORE PAINFUL, DIVISIVE AND DISTURBING

Without international trade, Canada would never have been invented. Without the explosion of global trade in the 20th century, Canada would not enjoy one of the highest standards of living in the world. But now, like almost every other country in the world, Canada is struggling with the question of free trade: Is it too much? As protesters in Europe drive farmers into the streets in protest, Mexico's has jangled a series of reports on refugees in Mexico, the United States and Canada. They demonstrate that although the theory of free trade is encouraging, the reality is painful and divisive.

A least 150 years ago, economic French economist Frédéric Bastiat devised one of history's wisest arguments for free trade: Provided by protectionist laws introduced by the French government in the 1840s, Bastiat wrote a scathing satire in the form of a fictional plea to the government from the nation's candlemakers. Bastiat's paragon complained that the candlemakers were "suffering from the unbearable competition of a foreign rival, placed in a condition as far superior to our own for the production of light, that he absolutely inundates our national market with it at a fabulously reduced price." Indeed, Bastiat, tongue firmly planted in cheek, demanded that the government protect the candlemakers from the unfair competition of the sun. Eventually, electricity replaced candles and put the debate over the merits of free trade to rest as passionately as ever.

Little has changed since Thomas Jefferson, an English Whig historian and contemporary of Bastiat's, observed "Free trade, one of the greatest blessings which a government can confer on a people, is in almost every country unpopular." And speaking of free trade: markets to foreign goods to sell a policy, in 25,000 farmers illustrated last week at demonstrations in Strasbourg, France, one of the European Community's parliament. In recent weeks, bitter disputes have erupted over a host of trade issues, from agricultural subsidies within the General Agreement on Tariffs and Trade (GATT) to European economic integration and the North American Free Trade Agreement (NAFTA).

NAFTA: Despite the heated rhetoric, however, the push for free trade continues in Geneva, a GATT agreement session, and in North America. U.S. President George Bush, Mexican President Carlos Salazar de Gortari and Prime Minister Brian Mulroney will sign NAFTA on Dec. 17. Economist James McViney, dean of the faculty of management at Dalhousie University in Halifax, describes the phenomenon, which began a decade ago as part of a global shift towards "consumer



democracy," in which the rights of consumers take precedence over all others. "Look at the fall of the USSR and its empire," declared McViney. "Nobody got killed because when the dictate turned to the military and said 'Go out and stop this,' they turned back and said 'Hey, we didn't get our cars and televisions, either.' Western consumerism and soap operas killed the Communist empire." Even the current recession has not eliminated support for free trade.

Proponents say that the reason for that sustained support lies in the obvious benefits of the steady growth of global trade since the end of the Second World War. Said Michael Bart, senior adviser, trade policies studies, department of external affairs and international trade in Ottawa, "Some believe that the world of international competition is a demanding one and that Canada would be better off to close its borders and become more self-sufficient. But the economy as a whole would suffer. We would have to pay more for our products. We would have fewer products to choose from. We would lose access to new technologies. Our own firms would have less incentive to maintain their competitive edge. Foreign countries would close their borders to our products."

Theory: The economic principle in which the free trade ideal is based is known as the law of comparative advantage, which 19th-century economist David Ricardo developed using Adam Smith's law of absolute advantage. Smith, who is credited with creating the modern science of economics, said, in the law of absolute advantage, that countries, because of their different natural endowments, are better at producing some products than others. Mexico, for its part, is better at growing bananas, while Canada is a more efficient producer of maple syrup. By trading with each other, both countries will be better off. Ricardo theorized that even at the unlikely event that one country had a natural advantage in producing all goods and services, economic efficiency would still make it preferable for that country to specialize in the products in which it has the greatest advantage. It would then trade with others that had different strengths—ones if they are not absolute—for other things.

The staunchest critics of free trade believe that one of three categories. First, while free trade may benefit a nation's overall economy, opponents argue that some people, particularly those in less efficient industries—like those involved in Canada's case—are losers and pay a heavy price. Free trade advocates counter

Business Notes

GM SLASHES JOBS

General Motors Corp. of Detroit has announced that it will close another auto plant, eliminating 18,000 jobs in Canada and the United States. At a motor-plant factory in St. Catharines, Ont., 800 jobs will disappear. The company has already announced two other plant closings at that city, bringing the total job loss to 3,100. In all, General Motors of Canada Ltd. has eliminated 6,106 Canadian jobs over the past year, including 3,000 at a non-assembly plant in Scarborough, Ont., which will close in May. To date, the operations at GM's Oshawa complex, which employs 11,900 employees, has been spared. Meanwhile, at GM's rival, Chrysler Corp. of Detroit, Robert Eaton, 50, has been named as company chairman to replace Lee Iacocca, 68, who will retire on Jan. 1.

BANKING ELITES

About 2,500 workers will lose their jobs with the Toronto-based Canadian Imperial Bank of Commerce. The bank has 44,000 employees and the cuts, to be made in domestic and overseas agencies, will reduce staff by 2.5 per cent. For fiscal 1992, the bank reported a net profit of just \$12 million, compared with \$811 million a year earlier. At year-end, the bank reported \$2.1 billion in non-performing loans and credit losses of \$1.8 billion. But real estate loans, including exposure to Citicorp's Bank Development Ltd. of Toronto, accounted for 50 per cent of its credit losses.

DODGING DEBT

Iron Corp., the delinquent parent company of Canadian International Ltd. of Calgary, has asked its provincial creditors to convert \$725 million in debt for equity. The company, which is more than \$3 billion in debt, has also suspended its loan repayments while it attempts to negotiate voluntary restructuring. The final terms of that plan are expected to be released in early February. While the airline received a \$50-million cash infusion from the federal government last month, it estimates that it is losing money at a rate of \$1 million a day.

TRAINS AND PLANS

Bombardier Inc. of Montreal has won two new international contracts worth \$105 million to build new rail cars for the French transit system and another for \$190 million to make aircraft parts for Boeing Co. of Seattle. At the same time, Bombardier announced that it is buying back all ownership of its Bombardier Railroad division.

UNSKILLED WORKERS OF THE WORLD PAY THE PRICE FOR FREE TRADE

that by saying that it is up to the government to decide if and how to redistribute some of the gains from trade. Too often, however, the less fortunate are ignored, leading to a growing gap between the winners and losers. In Canada's case, economists say that the winners and losers are going to separate into two groups: those who are skilled and those who are unskilled and have to compete with the cheaper labor in less developed countries.

Economists can be certain about the economic disputes that such a change causes. Says William Watson, an economist at McGill University in Montreal: "If you are dumb and unskilled, you are going to be paid the same and do the same kind of work as people as countries like Mexico. It does create a big problem for the country because the poor depends on society will be quite poor."

The economic gap between the affluent, educated, so-called citizens of society and their unskilled, unprivileged followers is also likely to lead to political divisions.

Triumph: The second argument against freer trade is one in favor of managed trade. Under such a system, a government sets trade and other policies to implement its industrial strategy and encourage the development of key industries. Japan's postwar industrial triumph is cited as careful co-ordination between one-party government and industry, rather than the discipline of free-market competition, is often cited as the best example of a successful managed trade strategy. Japan refused aggressive export policies combined with domestic market protection.

Some economists, however, cite two problems with the notion of managed trade. Too often, the government, under intense pressure from special-interest groups, makes unnecessary decisions about which policies and industries to support. And in instances where managed trade has been used to work, they argue that the benefits have accrued mainly to producers—at the expense of the nation's consumers. Consumer advocates say, for instance, that the decision to abrogate the North American free trade pact leaves Japanese consumers by imposing quotas on the number of imported cars that Japan can sell here, pushes up auto prices for consumers in Canada and the United States. But Andrew Jackson, senior economist with the Canadian Labor Congress in Ottawa, points out an obvious flaw in the argument

against managed trade. "The law of competitive advantage says that a country should specialize in what it does best," said Jackson. "But it turns out that a lot of what makes up a country's competitive advantage is created by government policies on everything from education to government procurement." Under the terms of the Canada-U.S. Free Trade Agreement (FTA) and NAFTA, Jackson says that governments surrender the right to implement many of the kinds of policies that would enable them to build a coherent industrial strategy. Finally, critics argue that although free

trade may help a nation flourish, it also encourages economic, and thus political, integration, which ultimately compromises national sovereignty. Stephen Clarkson, a political consultant at the University of Toronto, says that he is an ardent opponent of the FTA because of the possibility that it will force Canada to align itself more closely with U.S. policies. "The American civilization is a powerful one, but it is the most primitive, violent and unapologetic of the great civilizations of the world," Clarkson said. By contrast, he noted that "Canada has always been a kinder, gentler society with stronger European roots and a much more diverse population."

TALKING TRADE

GAFT The 144-nation General Agreement on Tariffs and Trade is engaged in the Uruguay Round of trade negotiations to reduce agricultural subsidies and set rules for trade in services. Deadline: March 1993 when it'll be congressional approval for fast-track ratification expires.

FTA The Free Trade Agreement it implemented in January, 1989 is gradually eliminating tariffs between Canada and the United States. Canada's cultural industries are exempt. Includes a mechanism to settle trade disputes. Deadline: Jan. 1, 1990 for tariff elimination.

NAFTA Draft North American Free Trade Agreement reached in August, 1992 to phase out most tariffs on trade among Canada, the United States and Mexico within 10 years. Scheduled to take effect Jan. 1, 1994.

EEBCE Agreement in 1987 by the 12-nation European Community to create, by the end of 1992, a single European market—one with fewer restrictions on the movement of goods and services than other European provinces. Negotiations on a few difficult issues remain to be resolved.

Maastricht Treaty named for the Dutch city where it was signed by 12 countries in December, 1990, to move towards monetary and political union. Calls for the creation of a single currency and a central bank for Europe. Opposition is fairly widespread. Has a small number of countries. Treaty calls for single currency by Jan. 1, 2000, if the deal.

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Economists argue that the first step in ensuring a strong national industry is to have a healthy economy. Stephen Clarkson's comments, especially in the European Community (EC), where political integration is an integral part of the drive to economic union, trade has been viewed as an opportunity to link neighboring nations together in a way that will encourage mutual understanding and peace.

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Holiday crowd in Mexico City: a symbolic deal

that were successful in the past, free trade is now edging out the dual credo of competitiveness and productivity in the government's lineup of economic objectives. Indeed, in his remarks at the launch of a series of cross-Canada public hearings into NAFTA last month, Michael Wilson, the minister for international trade, declared: "Lowering barriers to trade is an integral part of the government's program of economic renewal."

Certainly in Canada, the issue of free trade with the United States and Mexico has become a solid plank in the economic platform of the Conservative government. Canada has a strong tradition as a trading nation and, currently, exports fuel 34 per cent of the country's gross domestic product. But despite Wilson's frequent reference to statistics intended to document the beneficial effects of freer trade, many Canadians, according to the polls, have remained stubbornly skeptical. And that could raise a major obstacle to the Tories re-election prospects next year.

As well, the swelling ranks of unemployed workers in Canada and the number of factory closings have become an eloquent testament to the social costs and dislocation caused in part by free trade. Last week, as the New Democratic Party rehearsed its opposition to NAFTA before a vote in the Commons early next year, Liberal Leader Jean Chrétien publicly announced his intention, if elected, to renegotiate or withdraw from NAFTA altogether. "We're not happy with it," he said. "It's not a good deal."

But long before Chrétien stands a chance of renouncing the terms of trade set out under the agreement, U.S. presidential-elect Bill Clinton is expected to make his mark on the accord negotiated under President George Bush. Although Clinton has endorsed NAFTA in principle, he is widely expected to make some changes to it during the critical first 300 days of his term in office. In addition to introducing some protectionist job-creating statutes, Clinton also may wish to press for greater environmental concessions from the Mexican government.

Even though the Mexicans have expressed grave concerns about Clinton's intentions to temper with the painstakingly negotiated agreement, most analysts say that they doubt that he will change it significantly. The importance of NAFTA to Mexico's economy, which is already intimately meshed with that of the United States, is so vital that an abrupt shift in policy would hurt America as well.

Clearly, political and economic considerations—like the trading nations themselves—have become almost inseparable.

DEBORAH MONTFORT in Mexico City

COVER

FREE TRADE TO THE RESCUE

LEADERS LOOK FOR ECONOMIC HOPE

Rivers of story-lined cowboy cadets in elaborate ornamental uniforms and tall, gleamed hats lead the stars leading into Mexico's national congress behind new opening last month. Inside, beguiled Roman Catholic priests in purple vestments and military officers escorted with gold-laced and medals affixedly greeted acquaintances and chatted amiably among themselves. The elite crowd then filed into a massive auditorium, carpeted throughout as a glowing emerald green, for a three-hour state-of-the-nation speech that the Mexican president traditionally delivers on All Souls' Day. But despite the careful orchestration of the address by Carlos Salinas de Gortari, the event turned chaotic. In a display of political spirit rare for Mexico, which has been ruled by the same authoritarian party for 63 years, opposition members disrupted the presidential discourse by unleashing leavers and shouting slogans advocating political reform. Under Carlos Ruiz, a political analyst with the respected Mexican newspaper *El Financiero*: "The country has now reached the point where a number of groups are demanding democracy and political reform. The pressure is building."

In Mexico, that push for political change is

tightly entwined with the government's radical program of economic reforms. Under Salinas, the country has moved rapidly from a closed, state-dominated economy to a more free-market capitalist system—complete with an emerging middle class. But because no political agenda has matched the economic one, these gains could be compromised by the political upheaval resulting from such an imbalance. Indeed, as the actual euphoria of reform has worn thin, and booming economic growth has slowed, the North American Free Trade Agreement (NAFTA), the centerpiece of Salinas's economic platform, has taken on a heightened domestic political significance. It is a strong symbol of the ruling party's achievement and, accordingly, a necessary assurance to jittery foreign investors that Mexico has turned its back on its previous socialist past.

Crime. But even though Mexico's situation provides the most domestic example, NAFTA has become a political flash point for all three signatories. Each country is struggling to come to terms with the small-business fallout from a global economic renaissance and, especially at Canada and the United States, the erosion of traditional industrial economic bases. Because the dove has refused to yield to fanatical reaction-

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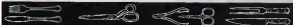
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THE JUNKING OF AMERICA

DESPAIR OVER NAFTA SWEEPS THE RUST BELT

Perry Schlusser has done remarkably well for a Virginia steel erector's daughter who's hitched to the eighth grade. She says that in 1967, she saw a hope for a rewarding life in her state, and Schlusser and her husband, Donald, headed their young daughter, Donna, also a 1968 Chevrolet and drove north to Detroit, Mich., the hub of the once-booming U.S. automobile industry. Donald Schlusser worked as a carpet installer and later in a steel factory. Perry Schlusser found work as an auto-parts plant. Like millions of other blue-collar families, the Schlussers worked hard and earned a slice of the American Dream: a three-bedroom bungalow in the Detroit suburb of Warren. But now, soft-spoken Perry Schlusser, 56, says that much of the auto industry and the prosperity that it created are disappearing due to low-wage competition in Mexico. She earns \$10.45 an hour in a plant owned by Supren Industries, which makes plastic door and window parts for cars. Three years ago, the factory employed 900 people. Now, there are fewer than 100, and Schlusser says that she fears that the North American Free Trade Agreement (NAFTA) will accelerate the exodus. Schlusser: "A lot of our jobs have already gone south. You wonder when it will stop."

Even before U.S., Canadian and Mexican trade officials began hammering out terms, that exodus was already underway. Over the past five years alone, the Big Three Detroit-based automakers, General Motors Corp., Ford Motor Co. and Chrysler Corp., have reduced their production in Michigan by 1.6 million cars from 2.6 million. They are also reducing their workforces. In total, the Big Three and their parts suppliers are expected to lose 450,000 people in the state, down from 517,000 in 1986. And last week, GM announced that it would cut 18,000 more in the United States and Canada, half of them in Michigan. The major Canadian casualty was a worldwide plant in St. Catharines, Ont.

Butcher: Although the Big Three have cut back in Michigan and elsewhere in the United States and Canada, they have opened new plants in Mexico. That country's auto production has more than doubled over the past five years to almost one million vehicles a year. And more than 120,000 Mexicans now work in auto-parts and assembly plants, most for wages between \$15 and \$19 a day. Schlusser and other Michigan auto workers say that they simply cannot compete against the Mexicans in product lines where wage differentials are decisive. And even though the Big Three have tried to outdistance some of their plants in the state



About at this Detroit junkyard blaming the industry for its own problems

Schlusser and other workers also question whether anyone—auto industry executives, politicians or union leaders—can do anything to reverse the industry's declining fortunes. The evidence of that decline is stark and sobering. Detroit has lost half of its population since 1950, and in the 1990 census the Motor City's population slipped below one million for the first time since the early 1900s. The People's Mirror, a 2.5-mile elevated railroad transit system completed in 1969 that loops through the downtown business district, as one of the signs of shutting down because of disease and huge operating losses. Driving north on Woodward Avenue, one of the city's main downtown shopping street, tall Art Deco buildings soon give way to lower stories and vacant premises. Further north, General Motors' 15-

storey headquarters overlooks blighted downtown neighborhoods that have yet to recover from hits at the mid-1980s. The Big Three have been shedding operations out of the city for decades. But they are also sensitive to changes that they are abandoning Detroit and, as a result, they have made some new investments there recently. Two years ago, Chrysler leveled its old Jefferson Avenue plant, located in the middle of a rundown east-end neighborhood. The factory dated back to 1905 and was the oldest working auto plant in the United States. In its place, the company built a sprawling \$1.3-billion Jeep plant which opened last January, a symbol of what Chrysler chairman Lee Iacocca said was "what you put your responsibilities are to your community." But keeping the factory and its 2,300 jobs

proved to be extremely costly for Detroit. In total, Chrysler spent more than \$500 million to build the plant. So far, however, it has had little visible impact on the surrounding neighborhood. Many of the wooden houses are dilapidated or abandoned. On a recent afternoon, two men built a ramp of vacant stores across the street from the plant were making bricks. Big Three executives say that although they would like to maintain their operations in the

area, they are the best for such planning new facilities as Chrysler's Technology Center in Auburn Hills. And even the offices of the past decades, even most of the economic base beneath it is crumbling. Detroit's suburbs are also dotted with scores of small auto-parts factories like the one Perry Schlusser works in.

Many of them have already been badly hit by Mexican competition—and face even bleaker prospects under NAFTA. Daniel McCarthy, the president of Local 417 of the United Auto Workers (UAW), which represents workers at Schlusser's plant, and that, in total, of the 36 plants in the local have shut down in the past 15 months. Most of those plants make relatively simple items: steel-electronic components, plastic and metal wing bodies and so-called injection-molded plastic parts, part of the low-dollar, labor-intensive doors that McCarthy says are now dominated by free trade with Mexico. Indeed, he said that he visited two U.S.-owned plants in the northern Mexican city of Matamoros last month as part of a union delegation. He said that all the factories had injection-molding machinery similar to that at Schlusser's plant.

Chrysler: Those concerns about low-wage Mexican competition extend far beyond Detroit. Many smaller cities across Michigan have been hit as hard or harder by plant closings. Flint, for one, a city of 160,000 where William Daimler founded it in 1908 and where the UAW won its first major victory in 1937, after a 64-day sit-down strike, has lost about 15,000 automotive jobs over the past decade. Under closures announced by GM last week and earlier this year, it stands to lose 34,000 more by 1996, when a 4-8 degree plant and a truck assembly plant are scheduled to close.

Plant has increased industry downturn before, but only longer residents saw what that it will never recover. Ben Ruppner, a former assembly-line worker and author of the 1989 best-seller *Overkill*, and that "the automotive jobs over the past decade. Under closures announced by GM last week and earlier this year, it stands to lose 34,000 more by 1996, when a 4-8 degree plant and a truck assembly plant are scheduled to close."

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son James Blumhardt told a cheering crowd that "America would end." The wrath of the great city of Detroit, the heart of the auto industry for local residents. But Blumhardt closed two years later because of poor attendance and in one only used a few days a year for special events. A stadium still—often just a single ceremony—celebrates the Detroit Silver Cup, including an indoor football game, a reception of downtown Flint at the turn of the century and a giant model of an automobile engine. A recent visitor, Michael Palma, 38, who managed the facility in 1984 and 1985 and who retains the special events, turned on the electricity to power a spiral ramp of audiovisual exhibits. The flashing and roaring in the empty arena was eerie—like a noise from the 1950s television show, *The Twilight Zone*.

In Flint, despite the continuing shift of industry to the south, longtime residents are reluctant to leave their home city. In the Kerner Bar, across the street from the site of GM's former Fisher assembly plant, which closed five years ago, bartender Dave Sidel, 52, was serving beer to a small bustle to a ball-dance afternoon customers. All of them said to work at the plant, including Sidel's husband David, 45. He said that he was lucky—he had enough money to transfer to a nearby Black plant.

Matthew Gots, 34, by contrast, said that he agreed to leave his small and security nights in 1988 to accept a \$30,000 severance settlement from GM. He then took a job at a small welding factory for \$11 an hour, \$6 less than he

	Canada	U.S.	Mexico
Organized labor (as a percentage of the labor force)	31	16	35
Number of hours worked per week in manufacturing	39	41	40
Number of strikes and lockouts	858	48	174
Latest annual compensation			

made at GM. But Gots was laid off in June 1991. In February, he said his wife divorced him, he is living on his savings, and working occasionally as a home builder. "600, he says that he is reluctant to leave Flint because his 4-year-old son, Justin, lives there with his ex-wife. Said Gots: "I've gone from being well-off to getting by on next to nothing."

Gots and the other patrons scuffed at outgoing President George Bush's claim that increased trade with Mexico will create jobs on both sides of the border. "America may benefit from this in 10 or 20 years," said Gots. "But we're not going to live to see that." Regardless of who was or was not under attack, thousands of families in the state that once dominated the auto industry are certain that they will be among the first casualties of free trade.

JOHN DALY in Flint



Mexico City shows striving for an image of a stable and progressive regime

READY, SET, GO

MEXICO PUTS OUT THE WELCOME MAT

Donner Clark says that when he emerged from a recent 45-minute business meeting in Mexico City, his Mexican driver was worried. The driver, Clark recalls, was concerned that something had gone terribly wrong because the meeting was so short. Said Clark, president of the Northern Telecom subsidiary based in Mexico City: "I had to reassure him that everything was fine—that it is possible to do business in that time." The Mexican emphasis on strong personal relations in business, which tends to lead to long meetings and even longer lunches, is just one of the differences recognized by Canadians exploring those markets in anticipation of the North American Free Trade Agreement (NAFTA). Because Canada's largest trade partner, the United States, shares the same language, legal conventions and popular culture, many Canadian executives have not needed to adjust to various business styles and standards. Said Anderson Lybke, who represents the Bank of Nova Scotia in Mexico: "The pace

here is radically different. It's considered very impolite to go straight to business, whereas in Canada, it's rude to ask personal questions."

One Canadian company that learned about the potential for cultural clashes the hard way is a Bombardier Ltd. of Montreal. After hiring a reform manufacturer from the Mexican government, in April, the manufacturer was outraged when it learned a \$150-million contract to build subway cars for Mexico City's transit authority failed in August. Said one senior Canadian government official, who helped to smooth the disagreement: "Bombardier had no grasp of the local business culture and an established presence in that market—so they greatly miscalculated." But while many of the Canadians eyeing the Mexican market admit that they have a lot to learn, they are clearly eager to get started.

Already in the first few months of this year, interest figures show that Canadian exports to Mexico soared by 105 per cent over the same period last year to \$235 million, while exports from Mexico climbed to \$1.3 billion. For 1992

overall, Ottawa is projecting Canadian exports to Mexico will reach \$800 million, compared to \$524 million shipped last year. In 1991 total trade between Canada and Mexico was \$3 billion. David Worfield, Canada's ambassador to Mexico and a former trade commissioner to Tokyo, said that the number of Canadian business inquiries in the embassy about trade with Mexico has doubled to about 11,000 this year from 5,000 in 1989. He added: "Mexicans are approaching us specifically asking for the names of Canadian companies they can deal with. They are absolutely delighted to have a choice aside from the Americans."

As the Harvard-educated President Carlos Salinas de Gortari and his advisors, many of whom were also educated in the United States, have gradually reformed and modernized the Mexican economy since 1988 through such policies as deficit reduction, deregulation, privatization and edition control, Canadian companies stand to benefit. The country's natural transportation and telecommunications infrastructure needs to catch up with its recent economic growth, creating markets for engineering, construction and technology firms.

Skills: Raising retail markets are also looking to new consumer demands. In the centrally governed Mexican banking sector, Canadian banks are already striking incentive deals to link employee-training services as well as banking technology—something that U.S. banks cannot offer because they do not have national networks. Since the government introduced mandatory pension savings accounts for workers, retail banking has boomed in a country where, in the past, only about five per

cent of the population had a bank account. The legacy of protectionism, however, is proving difficult to discard—even with strong foreign partners. Until Salinas opened Mexico to international competition, it was a tightly closed market. That meant that businesses there had a captive domestic client base of 83 million people but were also denied global

lock customer services and quality-control standards because of the lack of competition. Those shortcomings were traditionally masked by paternalistic managers who inspired a few priority on such basic business issues as: "This is not a service-oriented, people-oriented economy; these are first-world luxuries," said Roberto Salinas de Leon, an economist with Canada's Free Enterprise Studies in Mexico City.

Labour: As a result, for Canadian and U.S. companies planning to locate operations in Mexico, the attraction of its abundant labour force is frequently offset by its lack of experience. For each worker hired at a plant, thousands of applicants need to be vetted—and even then, because few have ever worked in an industrial setting, they need weeks of basic training. For Ford Motor Co., the problem of customer service was so severe that workers would save some money, then leave—that the company had to construct a town nearby to ensure that employees stayed in the area. Even after they had earned enough money to look out for a few months, "It's a culture myth that Mexico is the land of cheap production," said the Bank of Nova Scotia's Lybke. "Transportation and distribution costs are high out to mention the training issue." Employees are also hit at various levels of government for special security contributions and special payroll taxes.

But at the same time as Mexico is struggling to come of age economically, it is also embroiled in a political transition. Unlike Canada and the United States, Mexico has no tradition of liberal democracy in Mexico. Instead, the country has been dominated for decades by strong leaders and a handful of wealthy families as a result of corruption. But for the past 10 years Mexico has been run by the Institutional Revolutionary Party, which effectively appoints a new president every six years. Until relatively recently, that system was not challenged. But now, accusations in property have led to the emergence of an urban conflict in Mexico that is now paving the path for a more democratic, decentralized government. Carlos Rios, a policy adviser at the Canadian embassy, noted, "In village life, it's not uncommon to see the same individual accused to preserve political control."

While foreigners who do business in

Mexico must learn how to contend with a highly centralized and corrupt federal system, state governments are also part of the complexion. "Always cover the bases in Mexico City—all roads lead to the presidential palace," said one Canadian businessman, who requested anonymity. Nevertheless, he added,

"Mexico must learn how to contend with a highly centralized and corrupt federal system, state governments are also part of the complexion."

The image of a stable and progressive regime is clearly a top priority with Salinas, whose advisors anxiously manage and manage his international image. Indeed, Salinas created the publicly financed business the traditional adversaries of labor, government and business—known as

El Fomento in 1988 specifically to secure economic stability and, at the same time, to curb inflation and attract foreign funds. But for those economic reforms to take root, Mexico must somehow manage to replace that volatile foreign capital with more permanent, direct investment from companies in Canada and the United States. The country's restrictive foreign investment laws will soon be amended to allow outsiders to own 100 per cent of Mexican companies (excluding such strategic areas as financial services and energy). Said Lybke: "This understanding is an essential step in the Mexican's development of finance. It's not a small part of our pitch for investment. We know that if we want people to invest millions here, they need to be confident that a solid structural framework is in place."

Capital: A stable inflow of foreign capital is also essential because of Mexico's growing current account deficit. As Mexican businessmen struggle to sell in a market where import taxes that they are able to export. That protectionist measures could lead the country back into a much-bruised inflationary spiral (indeed, the government rigidly adheres to its campaign to reduce inflation, which reached 63 per cent in 1985, the year Salinas was elected). This year, inflation will be about 13 per cent, and the government projects it to drop to eight per cent in 1993.

Although the Mexican government's focused strategy has allowed it to shift from fundamental macroeconomic issues to more microeconomic emphasis on small business and trade, it is still prone to reversals and jitters. When about Mexico's slowing growth caused its stock market to crash in June after a strong two-year rally. To keep foreign capital in the country, the government was forced to increase interest rates sharply, a move which hurt the same small and medium-sized businesses it is trying to encourage. But for Canadian companies struggling to understand the Mexican economic and social environments, that country's economic struggles should make them feel very much at home.

	Canada	U.S.	Mexico
Percentage of population over 65	11	13	4
Life expectancy (in years)			
Men	73	72	66
Women	80	79	72
Total fertility rate	1.7	1.9	3.4
(children born per woman)			
Number of pupils per teacher (primary)	17	21	32
Gross value annually (per person)	3	5	1
Number of AIDS cases reported per 100,000 inhabitants	12	46	3
Trade as a share of GDP			

it is also prone to overlook state and local officials, who have their own bases of power. Despite Mexico's reputation for widespread graft and corruption, Ambassador Winkler says that the country receives few complaints. "The government is extremely responsive

Garcia: "NAFTA is part of our pitch for investment"



DEBORAH MCNEIL/IN Mexico City

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McLaughlin's \$12-million investment in a new snack product is a result of free trade.

ents have historically proven to be adaptable. As well, two key developments from the 1950s are still helping the area to thrive: the construction of Highway 401 and new universities. Now, the south-less highway stretches from Windsor to Quebec City, putting 120 million North American commuters within one day's drive (the trouble is, in 1957, the University of Waterloo opened, featuring an engineering school, the world's first separate mathematics faculty and one of the first computer-science programs. For its part, the nearby Wilfrid Laurier University specializes in business and economics. And the University of Guelph has gained an international reputation for its agriculture and veterinary medicine programs. Combined, the three schools have profoundly affected employment in the area. A study by a local business association, the Computer Technology Network, showed that the information-technology sector in the region employed more than 4,000 people and generated more than \$400 million in revenues in 1991.

Although free trade has crippled some of the familiar industrial livelihoods and has helped some start-free technology companies in only a limited way, for others it has clearly been a boon. On Nov. 20, James Posti, president of Monocorp, Ont.-based Horvath-Pinto-Lay Co., announced that the snack-food maker would invest \$12 million in its Cambridge plant. The

investment, which will create about 60 new jobs, will enable the plant to make a new brand of extruded snack called SnacChips. Vahela, N.Y. brand PepsiCo Inc., which bought Horvath-Pinto-Lay, later began looking for an additional facility to make SnacChips after the successful product launch earlier this year in both Canada and the United States. Douglas McLaughlin, director of operations at the Cambridge plant, said that PepsiCo executives selected the Cam-

bridge facility both because of its proximity to the northeastern United States, where half of its production will go by 1994, and the quality of the products there for Cambridge's worldwide of 580 can producers. But, Posti added, another of those advantages would have mattered if tariffs between the two countries were still high. Still Posti: "Without free trade, this would not have happened."

Indifference: Some members of the higher-technology sector, however, remain indifferent to the FTAs and the North American Free Trade Agreement (NAFTA). "Free trade is irrelevant," said Val-entia O'Donovan, chairman of Com. Dev. Ltd., a Cambridge company that develops and manufactures hardware and software for satellites. He explained that the sector was never subject to duties and tariffs, and had to develop without protection barriers. As a result, Com. Dev. has prospered in its efforts to take on the world. In 1974, Com. Dev. set up shop in

Montreal with five employees and \$200,000 in sales. Now, it has more than 300 employees, including 500 in Cambridge and the rest at subsidiaries in New Brunswick and England.

As well, the company is starting to re-work to ensure its success into the next century. In one such project, Com. Dev. is one of seven multinational corporations that have joined Network Systems Inc. Orono to develop a private international satellite system that will provide voice, data and video services for transatlantic and regional business-communications networks in Europe and North America. Said O'Donovan: "This business encourages long-term thinking."

Indeed even as it emerges, the high-technology sector carries a clear message for other Canadian industries: global cooperation will actually benefit them. Still M&B's Soughart: "Because the Canadian information-technology sector was export-oriented from the beginning, we branched up against the best in the world. We have seen what it takes to make something." The original occupants of M&B's redbrick building would no doubt be mystified by the groups on there in 1992. But they would certainly approve of the strong for excellence and the entrepreneurial and that drive the software company—and others like it in the Technology Triangle.

	Canada	U.S.	MEXICO
Gross domestic product (in billions, 1990)	\$502	\$6,994	\$334
Population (in millions, 1990)	27	253	63
Percentage of government spending on:			
Education	12	14	7
Health	13	12	1
Defense	4	17	1
Annual energy consumption per head (one barrel oil eq.)	11	11	1
Number of books in top 1,000	6	205	5

BARBARA WICKENS in Montreal



Crash of the great Crosbie dynasty

BY PETER C. NEWMAN

For four generations, these crusty entrepreneurs who treated politics just like any of their other business ventures, ran the island they saw and seldom drew a sour breath. According to an upcoming new book, *Harry Atkinson, by journalist Michael Harris, the federal fisheries minister and surviving head of the clan may well be the last link of the famous Crosbies—sketchy father his wife Joan at age 54 and led to his brother Andrew's death at 57. Andrew Crosbie, who managed to reduce the family's business assets from \$100 million in 1875 to bankruptcy by 1984 (when he faced 38 charges of criminal fraud and theft), once drove his automobile onto a neighbor's front lawn, and even when he was hit head-on on a winding a stretch that had been on the road with the American entrepreneur and was worth more than most people's houses.*

Harris, whose truly eye-opening writing style is perfectly fitted to his subject, meticulously places the Crosbies in their time and place. He reveals a dark side of old Joseph that will shock even the strongest critics of his corrupt administration, but brings to portents the temptations ahead as when he reveals the character of his son. He catches the impact of Newfoundland, which helps explain why the political soul of the real administrator survives so much longer. "Avarice and greed," he writes. "Newfoundland commands the Gulf of St. Lawrence, with its back to the North American continent and its coast washed shore, the Avalon Peninsula, looking across the Atlantic to the Atlantic European coast. For four centuries the brute force of geography and climate have nurtured Newfoundland a singular personality and, until comparatively recently, insulated the culture from mainland North America. The world's least-lagged island was in its beginning and remains a place apart."

The Crosbie legend dates back to the battlefields of 14th-century Scotland. After an epic encounter, when Col. Robert Crosbie faced

A new book catches the vanished age of personal obligation, when men did business on a handshake

one of his own sons lost fought on the English side, the family patriarch killed the usurper by riding over him and crushing him against the wall of the tower's tower. That set the pattern for Crosbie family misadventures. George Crosbie, a gladiator, came to Newfoundland in 1808 and later bought a hotel in St. John's that allowed his son, St. John Crosbie, to plant the beginnings of the family's commercial empire. St. John also became the first Crosbie to enter politics. As a member of the opposition People's Party, he dealt with his enemies in typical Crosbie fashion. Sherbrooke of an opponent at the same time as Premier Sir Robert Hood Crosbie and Hood had to duck up a duck holder from a rival boat. The holy Crosbie, who in adult life resembled "a bearded angel on a stool," stepped on his Liberal foe's fingers, during the started political scene. (Opponents played up the incident as a "deliberate attempt on Sir Robert's life," "showing that Crosbie had admitted" his "head back in the [premier's] chest.")

St. John's son, Chas, came on heavily trained by attempting to check a bear into a boat, and convincing more was written than Errol Flynn. He led the anti-Confederation Economic Union Party and almost triumphed

over Smallwood's pro-Canadian campaign. Of Smallwood, he confessed, "You couldn't hit him with the left hand."

Chas's younger son Andrew—a typical Crosbie, he weighed 200 pounds by the time he was 14—built up the family empire to 75 companies, which eventually flourished under mismanagement and too much debt. His brother John—the current Crosbie—chase academics instead studying politics at Queen's University and law at Dalhousie. In 1980, he married Joan Patterson in St. John's. The match was soon consummated. "We stopped in Montreal to get her a shopping," Crosbie recalls in the book. "She by that time I was too late. Before we'd hit Queen's, she'd somehow gotten herself pregnant."

Harris follows Crosbie through his various political conversions from Liberal to Conservative and, from the provincial to the federal scene. Many Australian officers rare glimpses into the federal Tory party's personalities and internal tensions. During the 1980 leadership convention, the only way to stop Brian Mulroney from winning would have been for either Joe Clark to back Crosbie or vice versa. When Crosbie won Premier Brian Peckford to persuade Clark to jump on the hated Crosbie bandwagon, he refused to quietly shaking his head. But Massimo McCarty named the suggestion down his cigarette. She looked Peckford straight in the eye and said, "Fuck off, you nerd."

The author tries to portray John Crosbie as shy but the Newfoundland politician was his own every time. In his more reflective moments, Crosbie aced to dismiss opponents as "hypocrites, cowards, slitherers, corrupt bums, bastards of the business, bookies, masters of the trade" and when pushed, will add "bribe-takers and involved crooks." During the 1988 debate on free trade with the United States Crosbie condemned the agreement's clauses as "Coke-type scandals, Toronto-style union agreements, and monopolistic practices." When Premier Trudeau once dropped a party policy convention to go dancing in New York City, Crosbie dubbed the Liberals and their leader as "Dino Diddy and the His-Boys."

Harris finishes in an important chapter, probably the best of the year's crop of hard-on books. It can only unhappily perhaps the fall from grace of an important regional economic dynasty, but it also catches the vanishing age of personal obligation, when men did business in a handshake, never let a hand in the hand and drew a line between an ethical margin on a blackboard to the local society that surrounded them and their beliefs.

When Harris decided to write the book's scope from a portrait of John Crosbie into a chronicle of his clan, the fisheries minister blurted: "It's not enough to mismanage this now, you've come back for the whole God damned family." Harris hasn't mismanaged anybody. Just tell the terrible truth about a doomed dynasty that takes full account of "a father's will or a mother's whim, a son's resolve or a daughter's dream."

He succeeds brilliantly.

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FANTASTIC VOYAGES



Virtually machine: blurring the line between the real world and fantasy

● In classrooms of the future, teachers and textbooks take a backseat to a revolutionary new technology that lets students experience the sensation of the lesson—toddling a meerkat, pecking, or walking on a famous battlefield of the past.

● Architects in a 21st-century classroom may be able to lead their clients through computer-generated simulations of buildings, showcasing ideas to suit the customers' needs as they go.

At the 2003 century battles to a close, the dividing line blurs between the real world and the fantasies that, until recently, were confined to the realm of science fiction. New technologies are now revealing society with such speed that many people barely understand one before it is replaced by another. The next wave—imaginary and perfectly possible—manifests of a new technology, barely in its infancy, that has the potential to explode on society as the new century unfolds. It is called virtual reality, and its proponents say that it could profoundly affect everyday life, as well as business, entertainment, and classes of professions. Some futurists say that the technology could even be exploited to fabricate surreal fantasies—or to replace drugs in a way of escaping from reality into richly detailed worlds of the imagination. Said Jurn Lavie, a 33-year-old California composer who won

the term virtual reality "By the turn of the century, it will no longer be a novelty. It will put movies and television to shame. It will be a tool of the imagination, every child's dream."

Already, simple systems exist that allow a user to enter the world of virtual reality by putting on a headset equipped with small, image-bearing screens. These systems immerse the user in the sights and sounds of a computer-generated world. By using a specially fitted three-dimensional, he can even have the experience of touching or moving objects in "virtual space." While Americans, European, Japanese and Canadian scientists race to develop the technology, scientists, psychologists, engineers, pilots and other professionals are finding ways to apply it to their work. Several computer companies already manufacture equipment called image processors that can produce detailed and realistic three-dimensional moving images in full color. Said Henry Fuchs, a computer scientist at the University of North Carolina in Chapel Hill and a leading researcher on virtual reality "Directions of people in labs are working on various aspects of the technology."

One early commercial application of virtual reality is in the field of entertainment. Some firms are marketing equipment that lets users play what is, in effect, a virtual video game. In April, Toronto-based Virtuality Canada acquired eight virtual reality systems, at a cost of \$80,000 to \$100,000 each, from W. Industries Ltd. of Lexington, England. Virtuality introduced the equipment to Canadians at Toronto's annual Canada's National Exhibition in late August, where it sold it in two suburban Toronto shopping malls.

On a recent Friday night, both Virtuality games at the Cyber Centre arcade in Toronto's Sherway Gardens mall attracted a steady crowd of new and repeat players, almost all of them teenagers. Robert Gouyette, an 18-year-old Scarborough high school student, and his girlfriend Denise Rice, 15, drove about 30 km to the mall in the west end of Toronto to play the game. "It's incredible," said Roy. "It gives you right inside the game. It's very realistic." Said Rudy Kowars, a 20-year-old employee at the arcade. "It's the way of the future. Every arcade is going to have one."

PROPOSERS OF VIRTUAL REALITY SAY THAT IT WILL CHANGE THE WAY PEOPLE LIVE AND DO BUSINESS

On a recent Friday night, both Virtuality games at the Cyber Centre arcade in Toronto's Sherway Gardens mall attracted a steady crowd of new and repeat players, almost all of them teenagers. Robert Gouyette, an 18-year-old Scarborough high school student, and his girlfriend Denise Rice, 15, drove about 30 km to the mall in the west end of Toronto to play the game. "It's incredible," said Roy. "It gives you right inside the game. It's very realistic." Said Rudy Kowars, a 20-year-old employee at the arcade. "It's the way of the future. Every arcade is going to have one."

To play a Virtuality game, users wear a headset and hold a plastic device called a Spacestick that resembles the handle of a pistol. In one game, called Encey! Nightmares, the player, immersed in a three-dimensional world, sees a brightly colored platform with staircases leading up to other levels. Outside the platform and staircases, the background is solid black. At superlatively unrealistic, a giant bird resembling a prehistoric pterodactyl swoops towards the player, who can shoot at it by aiming with the Spacestick and firing, with a thumb button at the top of the device. As the player moves his arm, a computer-generated image of a hand and a gun makes corresponding movements.

Some analysts predict a limitless future for virtual reality as a tool for entertainment. Some even foresee a world in which "virtual sex" could be widely used to supplement the real thing. Frank Ogden, a Vancouver-based futurist, says that scenarios will cause day-dreaming body parts capable of receiving computerized information that simulates the physical effects of actual intercourse. Ogden said that a person wearing such a body suit will be able to watch a simulated acquaintance through a headset and feel the sensations of a participant. Said Ogden "It will be the ultimate safe sex. You can't get AIDS through virtual reality sex."

Cyberpace: Other analysts see a potentially dark side to virtual reality. In 1984 (see *Newsweek*), William Gibson, a Vancouver-based science fiction writer, depicts a young man's obsession with a computer-generated universe called cyberpace, a form of virtual reality (page 44). Some experts working on the development of Japanese virtual reality systems have predicted that, in a sophisticated form, the new technology could prove addictive, and ultimately dangerous.

Still, most proponents contend that the benefits of virtual reality will far outweigh any potential risks. Lamer said that by the end of the century virtual reality will be a major form of home entertainment, and that consumer systems will be linked by electronic networks. He predicted that homeowners and their neighbors will enter the same virtual space, and interact with each other. Dennis de Kromhout, director of the McMillan Program in Culture and Technology at the University of Toronto, added that

virtual reality could revolutionize television news programming by allowing viewers the sensation of being immersed in stories such as those about wars and disasters, without suffering the consequences.

But for the most part, scientists and other professionals are devoting themselves to exploring more precise applications of virtual reality. Dr. Richard Setares, a surgeon at the Sina B. Hayes Army Hospital in Fort Ord, Calif., said that virtual reality could become a valuable tool to both medical students and practicing physicians. Last year, he conducted a gall bladder operation on a computer-generated image of a human torso. Setares said that, he and his fellow researchers developed a computer program to generate images of a torso and all the organs in a human abdomen. He said that the images were depicted in a simplified form. Setares added that during the remainder of operation he wore a headset and DataGlove (manufactured by VPL Research Inc., a company founded by Jaron Lanier (page 48)). As Setares moved the glove he manipulated a head within a computer-generated scene, making the necessary incisions to open an abdomen and remove the gall bladder. "I was working with cartoon-level graphics," Setares said. "But our ultimate goal is to produce graphics that are good enough to fool the eyes."

West American and German military pilots are already embracing themselves in computer-simulated worlds through a helmet-mounted visual display system known as the Visual Display-based Cockpit (VDC), one of the world's leading manufacturers of aviation flight simulators. Charles Galewe, chief of flight research

and development at the U.S. Army Research Institute in Fort Rucker, Ala., said that pilots take training in flight simulators while wearing GAG helmet systems that immerse them in computer-generated images. Usually, a pilot sitting in a simulator modeled an Apache attack helicopter's cockpit wears a helmet that is



Gibbons exploring a computerized universe in Arizona

linked to an image generator. The pilot wears James Ray by manipulating two control sticks and he responds to an entirely visual world that he sees through the helmet. A Salt Lake City, Utah, firm, Evans & Sutherland Computer Corp., produces the image generator for the

wing. Galewe said that with the equipment, a pilot can experience day or night flying in any kind of weather, encounter other traffic in the air or take part in an air-to-air or air-to-ground combat. "You can look out the cockpit canopy and see the missile pods and rockets," said Galewe, "but they're not really there."

Virtual reality may play a role in other types of training. Andrea Apaza, a vice-president of First Auto USA in Tempe, Ariz., said that her company looked to use virtual reality systems to train workers in the operation and maintenance of sophisticated robotic systems used in car assembly plants. Said Apaza: "We can use this technology as a powerful tool." And in Tokyo, Mitsubishi Electric Works has equipped a Tokyo rental outlet that with kitchen cabinets, counters and appliances with VR headsets and gloves. Customers using the virtual reality equipment can examine themselves in computer-simulated kitchens and even open or close drawers and doors. An inspection through virtual reality can help customers decide whether the components of a kitchen are properly arranged, see whether door handles are the correct height. Company officials said that about 15 customers have bought kitchen units after seeing them in virtual reality.

Athletes, too, have turned to virtual reality to enhance their performance. Before this year's Winter Olympics in Albertville, France, American bobsledder Brian Shuman participated in virtual reality training arranged by Silicon Graphics, Inc. at the company headquarters in Mountain View, Calif. He has won a San Francisco. The company programmed a trip down the Albertville bobsled course using its image generator, which is capable of producing

and cyberpace as a way of creating a believable future world, and that, in its present stage of development, virtual reality is a crude "kind of like TV via back in 1929." Still, he added that it is probably part of an inevitable progression that begins where television was invented. Said Gibbons:

"I remember looking into a bowl of the first video accident and seeing kids wired into these systems. It struck me that they might as well have their heads inside these things—that they'd need to have their heads inside these things."

Gibbons says that he is reluctant to predict the future course of virtual reality. But he speculates that in the future "computers will be woven into the fabric of life." Added Gibbons: "The whole question of virtual reality will become meaningless at that point. We'll be inside the computer, and we won't even realize it."

KEC DOLPHIN is a writer.



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PONTIAC GRAND AM

MASTER OF THE VIRTUAL WORLD

Credit for predicting the emergence of virtual reality sits with a man who isn't a scientist. Technically, says the New Yorker writer, he was not the first to foresee the technology. He pointed out that science fiction writer Ray Bradbury described it in a story called "The Cold," which appeared in a 1945 collection, in which two children use their parents' sets to something resembling a virtual reality machine to be eaten by bees. In his 1952 novel, *Anthem*, Aldous Huxley wrote about "telescreens," a movie-like experience involving all the senses. Still, Gibbons is the author who has been most widely credited a computer-generated universe. Calling it "the matrix" or "cyberspace," Gibbons saw the machine as the theatre of

experience in his time of 1980s novels. Moreover, *Countdown to Midnight* (1988). "In a science fiction story, you need a robot or a time machine," he says. "What they're missing is a way to cover the dimension and further the plot. I chose cyberspace."

In Gibbons' dark vision of the 21st century, humans are crowded into sprawling cities built under leaky geodesic roofs. Young criminals spend their time trying to steal information from computer banks controlled by nonexistent corporations. Many of the young outlaws are addicted to Simulacra, or simulated stand-ins for virtual reality systems by plugging computers into jacks implanted in their necks. In Gibbons' world, people die physically, but some continue to have consciousness in computer programs in a cyberspace universe.

Gibbons, 44, a Jewish Virginian who moved to Canada during the late 1980s to avoid being drafted for the Vietnam War, lives with his wife, Deborah, and two children in Vancouver's Kitsilano neighborhood. He says that he

three-dimensional color images at a rate of 60 per second. With the image flashing on a six-foot-by-eight-foot screen in front of him and steering a four-run vehicle connected to the image generator, Stamer made the run down the 100-compartment course dozens of times.

Impact: Virtual reality is likely to have a major impact on the entertainment and simulation industries. A Toronto company called The Virt Group has pioneered what staff members call "unconstrained virtual reality." Company co-director Vincent John Vincent, 34, said that the firm's IdeaLab VR System allows a person to interact with computer-generated images without being constrained as they by wearing a headset. Instead, the user stands in front of a video camera and his image appears on a screen against a background of computer-generated images. He remains on the spot, the user appears to be racing through a kaleidoscope of changing images. Or he may see images of places surrounding his image on the screen. He can play the instruments by moving his hands as they hang on the screen, strikes the drums, and the Nintendo system responds with the sound of a hand striking a drum. The system can be used as an educational tool that allows children to be surrounded by images of letters. They use their precision spelling by picking the letters required to make certain words.

The Virt Group, which began developing its system 10 years ago, so far has sold 200 units at prices ranging from \$7,000 to \$16,000. One major proponent of Canada's version at the 1992 World Fair at Seattle, Spain, last summer, was Vincent. The company has also sold a system to one of the Smithsonian Institution



CME's flight simulator deck: flying in a virtual world

tion museum in Washington, D.C., and installed others for short-term display at about 60 other museums around the world. Said Vincent, "We are creating new universes that people can step into and play with."

Still, while several firms are already making virtual reality available to the public, most proponents of the technology agree that it is too basic for the development stages. And they say that there are several major technical hurdles to overcome before virtual reality can fulfill its promise. For one thing, the quality of

the graphics used in most virtual reality systems is still relatively crude. "Telepresence has raised expectations," said Richard Costello, director of sales and marketing for Vermont-based Polhemus Inc., a high-technology firm. "People expect to see a leaf on every branch instead of figures that look like blocks. Computer graphics have got to catch up with TV." To do that, experts are searching for a way of getting detailed, high-quality images on screens no larger than a monitor. "The hardware is too bulky and the screens made them are the worst possible television screens," said Pacht. He added that with the technology currently available, it is impossible to display detailed, high-resolution images on small screens. Said Pacht: "It's like having a million-dollar sound system and playing it through 50-cent speakers."

Disorientation: Most current virtual reality systems can also cause an unpleasant sensation resembling motion sickness. Costello said that the systems rely on a tracking device that records the movement of a user's head. That mechanism relays the information to the image-generating computer, which in turn produces the

corresponding images. The entire process takes just a split second, but even that small time lag can induce disorientation and nausea. Added NASSA's Sills: "I had a headset on for an hour and a half one time. I had the world's greatest splitting headache afterward." But Costello said that last August Polhemus introduced a mechanism to sharply reduce the time needed to track movement and produce new images.

Besides trying to improve the visual side, virtual reality advocates are also searching for more realistic sound. Louis Gehring, a Vermont-based computer graphics expert, says that he has developed a circuit board that picks a feeling of direction and motion into recorded music or sound. Conventional, two-dimensional recorded sound lacks reality, Gehring said, because the listener always knows it is coming out of a speaker. According to Gehring, his device, which he is marketing under the name Focus Point to Audio, can make it seem to a listener that an automobile is approaching from a specific direction, and then receding in another.

Despite the anxiety of development that remains, many scientists working on virtual reality admit to an underlying belief in the potential power of the technology. It is a belief that flows from their dreams of the day when people will routinely switch on a computer and put on a headset to reexperience history, examine a microscopic element, experience outer space or go shopping for new clothing (see feature on p. 28). These dreams, disappoint or confound only those who are ill but not unattainable from, and with fewer problems than, the real thing.



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TERESA KASZUBA
Receptionist
Hamilton, Ontario



Even E & Sutherland's virtual downtown scene predict a limitless future

DARCY JENNER

ON THE EDGE OF REALITY

AN INNOVATOR INVENTS A NEW WORLD

The firm's elegant offices, in a 79-story smoked glass tower in Foster City, in California's Silicon Valley 30 km north of San Francisco, are a symbol of its success. Since its founding in 1984, VPL Research Inc. has emerged as one of the leading players in the fast-growing field of virtual reality, supplying headsets, special gloves and software to a list of clients that includes the U.S. space agency, NASA, several American universities and scores of private customers in North America and overseas. Over the years, analysts have attributed much of VPL's success to the skills of its founder, 32-year-old Jaron Lanier, a high-school dropout who coined the phrase virtual reality during the early 1980s. Last week, the company was under new leadership following Lanier's abrupt departure from the company on Nov. 30 after a dispute with his partners about the future of VPL. "I wanted a faster-growing company with higher standards," Lanier told *Maclean's*, "but that involves more money and a willingness to take risks." He added that he might consider starting a new firm. "There are all kinds of possibilities."

Partners: Industry observers said that Lanier's departure will likely mark a turning point in the fortunes of the pioneering, privately held company. According to Jean Jacques Grunwald, VPL's 46-year-old president and CEO, Lanier's resignation in character took place after a period of uncertainty in the firm. The French-born Grunwald, who says that he helped to found VPL, added that the company needed to grow, but that Lanier wanted to develop his own products too quickly. "The virtual reality field is growing," said Grunwald, "but we have to move at a reasonable pace and be careful of managing our product lines."

VPL's success has been based largely on a virtual reality system that Lanier helped to design, called *Full-Cave*. For two "Full-Cave" for \$220,000, VR2 uses a powerful

Silicon Graphics, Inc. computer system to create detailed images with VR's patented virtual reality language. The user puts on an "Eye-Phone," a headset with speakers and two tiny television screens, to become immersed in the computer-generated world, which can depict scenes as varied as an airplane cockpit, a forest or the interior of the human heart. The system can be used by two or more people at the same



Lanier: Opportunities to create beautiful human culture

time. And a television centre linked to the management makes it possible for the users themselves to appear in the virtual world created by the computer. Applications of VR2 range from controlling robotic construction equipment to simulating surgical procedures for medical teams. "With VR2," said Lanier, "you and your virtual reality partners can shake hands, dance together or play ball."

Lanier, who wears his shoulder-length hair in Rastafarian-style dreadlocks, grew up in

Menlo, N.M., in a mountaintop area midway between the U.S. Air Force's White Sands missile range and the Mexican border. A solitary, scholarly boy, Lanier lived under a grandfather clock with his eccentric, widowed father, who earned his living writing film scenarios. He said that as a child, he felt frustrated when his imagination collided with the constraints of reality. To overcome that conflict, he says that he built unusual devices, including a "thermo-man," an electronic control instrument that the player controls by moving his hand in an electrical field between two antennas. Lanier says, in effect, that virtual reality may solve the barriers that a child's imagination encounters. "It's every child's dream," he says, "for as we grow up, all of that imagination we were born with has to be compromised."

Lanier said that in spite of his departure from VPL, he began to remain involved in a joint venture with Allen Spector, a Los Angeles-based television director, and movie screenwriter John Hill, to create virtual reality theatre. Still, company officials said that the proposed theatre was a VR project and pointed out that Lanier was no longer a company employee. In the proposed theatre, audience members would wear gloves and helmets connecting them to a virtual reality fantasy world. A performance might involve two computers, each by a trained guide, who would search for a hidden treasure, progressing from one world to another. The audience would be able to attend the work or act the computer's program. VPL officials said that two virtual reality theatres should be in operation within the next two years.

Patient: Though Lanier no longer works for VPL, he is still a major shareholder in the company. Grunwald said that the patients that Lanier helped to develop remain part of the company's assets. For his part, Lanier stated that the dispute within the company involved "a block of people" who were critical of the way the company was being run. He added that some of the younger members of the company's 25-member staff had left with him.

Lanier said that he wants to continue working on the development of virtual reality and admitted that the idea that he might start a new firm was "not an appropriate speculation." Added Lanier, "Virtual reality is still infancy. There will be more opportunities to create beautiful human culture without." For Lanier, there could also be the opportunity of creating another new firm and more rigorous ways of advancing the development of an outstanding new technology.

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MEDICINE

Breaking a defence

Scientists find new clues to lung cancer

Like many other cancer offenders, Gerth Bevelley, a 30-year-old Calgary engineer, will refuse almost anything for a cigarette. Despite 40°C temperatures, Bevelley, sporting a Calgary Flames cap, stood outside the Saddledome last week smoking during an NHL game between the Flames and the Washington Jets. Said Bevelley: "The habit forces me to do it." According to the Canadian Council on Smoking and Health, the chances of Bevelley contracting lung cancer are on average 25.4 per cent higher than for non-smoking males. But last week, two researchers at Queen's University

told it. To defend the cancerous cells, the protein will either divert the drugs out of the cancerous cells, or transport the cancer-fighting drugs to harmless areas within the cells. To find the gene producing the protein, the Queen's scientists used a Weinberg-based genetic screen called GenBank, which stores computerized data on all known human genes. Within each human cell, thousands of genes are developed and characterized of every person. By comparing the configuration of the protein amino-acid structure with other genes, Docley said that they were able to isolate the gene and understand the structure of the pro-



Cole: a glimmer of hope but no treatment

The breakthrough at Queen's offers a glimmer of hope but no immediate treatment for thousands of lung cancer victims. In 1990, 15,000 Canadians will die from the disease, which is almost always fatal because defence mechanisms in lung cancer cells overcome even the most powerful chemotherapy drugs. After nearly four years of work, Cole and her partner Roger Docley, director of Queen's cancer research laboratory, discovered that the Myb-DNA transmembrane-associated protein, which they found to be present in most human cells, appears in larger concentrations in lung cancer cells. In their findings published in the Dec. 4 issue of Washington-based Science magazine, the researchers concluded that if medicines can be developed to affect the protein, lung cancer victims may have a chance to survive. Said Cole: "We believe that this protein is preventing the drugs from reaching their target."

The Queen's researchers say that the specific protein belongs to a larger family of proteins that transport molecules in and out of cells. While the exact process is not yet fully understood, Cole said that the protein recognizes that the drugs being injected into the cell will

leak. Because the protein has been identified, said Cole, "researchers will now be able to focus their efforts in this area."

When more is known about the protein, said Docley, conventional drugs could be developed to suppress it. But it may take another five or 10 years before new techniques or medicines can be developed to offset the effects of the protein. In the meantime, for Bevelley and other smokers, there is only one course of action that is known to reduce the risk of cancer: "The best therapy of all," said Cole, "would be for people to stop smoking."

TOM PENNELL

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DREAMS TO BUILD ON

Harvard Zeldin says that it is gratifying when one of his buildings catches people's imagination. In September, the Toronto architect won the honor of Florida over the opening of the \$70-million Raymond J. Kravis Center for the Performing Arts in West Palm Beach.



Zeldin: 'A society coming of age'

Breath, inspired by the grand opera houses of Europe. Zeldin, 66, was the guiding mind behind the glass walls, marble staircases and luxurious interior details of the new centre, which he says has been favorably compared to the renowned Paris Opera House. Added Zeldin: "This is a sign of a society coming of age—and of being proud of it."



Harvey Keitel

The age of innocence

In the new romantic comedy *Stronger with Age*, cowritten by Steven Soderbergh, Keitel plays a woman caught between two partners—her fiancé and her lover, who overtook her in a seductive scene at a resort town. "That instant idea," Keitel says, "is a departure for her: 'I have always ended up playing the sweet ingenue, the innocent,'" and the St. Catharines, Ont.-born actress who starred as the lovelorn Countess in the Toronto stage production of *Les Misérables* in 1989. "Usually, I'm playing a lot younger than my age." Added Keitel: "Now, I'm getting to an age where I'm probably not going to be doing that anymore."

Keitel's 'sweet ingenue'

PATIENT NO LONGER

As he accepted the Governor General's Award for his novel *The English Patient* last week in Montreal, usually soft-spoken author Michael Ondaatje launched an uncharacteristically biting attack on Prime Minister Brian Mulroney's government. Toronto-based Ondaatje, 48, said that the GST was driving magazines and publishers out of business, and he deplored what he called the erosion of the traditional nine-month retirement between government and the arts. Over cocktails later on the evening, he continued his attack, citing the Senate investigation of the CBC TV series *The Valour and the Horror* as an example of the "dangerous abuse" under Mulroney's policies. The government, Ondaatje added, "is a curse on the land"—and "should be strung up."

Tutti Flutie

Former Boston College star quarterback Doug Flutie struggled through four National Football League seasons, because of his son (five feet, 9½ inches) as well as his knowledging style. And in his first year with the CFL's Calgary Stampeders, the aptly named Flutie let his son—in the 24-16 Grey Cup win over the Winnipeg Blue Bombers—Flutie, 36, is such a convert to the CFL that, if it expands into the U.S. market, he says, it should retain the excitement of Canadian rules. Said Flutie: "Now that I'm used to the pace of the CFL, I can't watch an NFL game. It's boring."



Flutie: the NFL is 'boring'

A Schott comes under fire

She is known for calling almost everybody "Honey." But now, Marge Schott, the managing general partner of baseball's Cincinnati Reds, is coming under attack for calling people other names. According to depositions in a for-

mer Reds employee's lawsuit that was dismissed late last month, Schott habitually made racist remarks—slang, odd slang, naming other stars, the phrase "nigger-grubbing Jews" and referring to former players Dave Parker and Eric Davis as "nigger-dollars niggers."

Schott: swastika armband



Schott has denied those allegations, but has acknowledged using the word "nigger"—and owning a swastika armband. Last week, the baseball owners' Executive Council set up a committee to investigate the allegations and, pending its decision, Schott faces a suspension, a ban from baseball or a fine of up to \$300,000.

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Crisis (left): Moore: one had men more interesting than any number of good ones

FILMS

Stouthearted men

Soldiers and politicians fill the screen

A FEW GOOD MEN
Directed by Rob Reiner

Perhaps no movie star has portrayed evil with more charisma, conviction and gusto than Jack Nicholson. And after a career of pushing observers to sinister extremes, it is hard to imagine him going any further. But in a villainous role in the courtroom drama *A Few Good Men*, he cracks it up one more notch, unleashing previously untapped depths of virtue. His aggressive, however, is brief. The movie is a Tom Cruise vehicle, a court-and-politics course in military ethics with a white-knuckled hero. Appearing in just three scenes, Nicholson is the upstart and desert. And although his performance is astonishing, the rest of the movie is predictable Hollywood fare.

Based on the 1980 Broadway hit, *A Few Good Men* revolves around the trial of two accused accused of murdering a soldier during a disciplinary hearing on the U.S. base at Guantanamo Bay, Cuba. Justice (Dennis Moore), a navy lawyer at Washington, desperately wants to defend them. But her superiors, hoping to wrap up the case with a routine plea bargain, hand it to a glib junior litigator named Daniel (Cruise). At first, he expresses more interest in playing softball than courtroom hardball. But pressured by Justice and haunted by the legacy of his dead

father, also a navy lawyer, he finally decides to take the high road. Throwing his Lexipon charm, he confronts a variety of marine accusations, including a bold, scary corporal played by Kiefer Sutherland and Gail Jarrow, the raging Cold War assassin played by Nicholson.

Meanwhile, Moore's character quickly dissolves into a doting helpmate who serves her hero's talent claims as he does his legal homework—and who endures Jessup's casual harassment without complaint. But Nicholson is so riveting as *A Few Good Men* that he makes one bad man seem infinitely more interesting than any number of good ones.

THE CRYING GAME

Directed by Neil Jordan

Right from the movie's opening scene, appearances are deceiving. Off duty and happy drunk, a black British soldier named Jody (Forest Whitaker) falls into the arms of an alluring blonde named Jade (Miranda Richardson) at a seaside carnival in Northern Ireland. She lures him down to the beach and seduces her dreamy idiot. But as they start to love, she suddenly disappears away and he finds himself strung down the barrel of a gun. The seduction is a setup by kidnappers from the Irish Republican Army. And that is just the first of many twists in *The*

Crying Game, an extraordinary movie that shifts from thriller to love story and back again without missing a beat.

The IRA terrorists hold Jody hostage in a remote farmhouse, planning to kill him in three days if British authorities fail to release one of the captives' imprisoned leaders. Jody finds a streak of sympathy in Fergus (Stephen Rea) one of his captives. And as the deadline for the execution draws near, a friendship begins to form between the two men. Jody talks of his love for cricket, and for his girlfriend in London, a hairdresser named Di (Dye Davidson). Beyond that, even the most basic plot summary would spoil the story. A breathtaking revelation midway through the movie lets us with the force of a lightning bolt.

Intelligently written and directed by Ireland's Neil Jordan, *The Crying Game* resembles *Monty Python's 1986* thriller about a white chauffeur and a black prostitute. Once again, Jordan explores issues of sexual and racial identity. But in *The Crying Game*, his themes of loyalty and compassion acquire a deeper, political resonance. And excellent performances by Rea, Whitaker and a chamberlain-like Richardson make *The Crying Game* the most engaging film of Jordan's impressive career.

THE DISTINGUISHED GENTLEMAN

Directed by Jonathan Lynn

When Eddie Murphy shows up in a movie with political content and satirical bite, the times must surely be changing. At first glance, *The Distinguished Gentleman* is just another fish-out-of-water farce—a formula that Murphy has effectively milked in such hits as *48 Hours* (1982), *Trading Places* (1983) and *Dorothy* (1984). But, after a recent string of flops, Murphy is faster than he has been in years. The movie also contains a surprisingly trenchant expose of political life in Washington.

Screenwriter Murry Kaplan, who served as chief speechwriter for Walter Mondale when he was vice-president, has written a script that carries the sting of political satire—despite its farce premise. After a Florida congressman named Jeff Johnson (James Garner) dies during a re-election campaign, a small-time hustler named Thomas Jefferson Johnson (Murphy) wins nomination to win his seat. In Washington, Thomas garners his confidence given on a grand scale, teaming up with an all-around-peddling congressman, Dick Dodge (Sam Seeshak). But a jay bird lawyer named Lorena Cherry (Lee Kujala) picks the hustler, congressman, and heart, with a scandal involving cancer clusters at schools near hydro lines.

Such topical details are a twist, but the movie never takes itself too seriously. Behind director Jonathan Lynn, who created the satirical British TV series *Fox*, *Monty Python* directed, and even his hot comedy *My Cousin Vinny* keeps the pace tony and focused—while holding his star's eye in check. *The Distinguished Gentleman* lets Murphy do what he does best, in distinguished company.

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MUSIC

Childish delights

New performers stir up music for the young

Shopping for children's music used to be as easy as one-two-three. During the 1980s, parents had only to walk into a record store and pick up the latest offering by Canadiana Kids, Shogun, Loto & Trom or Ford Fender. Having set a new standard for young people's music by trading cassettes for cassette, and offering listenable tunes that even parents could tolerate, those kids artists practically made up the North American

son. Later, Uptown, which has sold more than 100,000 copies in Canada, but the inactive family market is now attracting attention from other major labels. AAM now from competition from rivals including TMC and Sony Music, which are launching such up-and-coming stars as Tara Patton and Canadiana Jack Grusky.

With his current album, Grusky stands out as the best of the new breed. And *Waves of Wonder* (TMC Kids) reflects a recent trend in

Kids general manager Glenn Serinik, who used to headle both Kids and Warner, represents the interest of record-buying parents in exposing their children to a broader world view. *Le Myster de l'Europe* (Omniscience) is a charming collection of French music from Louisiana. Featuring Michael Doucet of the popular New Orleans band Bossanova, it includes such funky Cajun standards as *Adieu Doucet* and *Cochon*.

The rhythms of the Caribbean, meanwhile, are now available for children in two lively new releases. *Island Party* (Renaissance) a pleasant independent cassette by Toronto's Ragga Pad, offers well-known calypso numbers including Day-Drum the popular Trinidadian hit *Hot Hot Hot*. And *Parade of the Masters* (VNU) features veteran Grammy winner performing a buoyant rendition of *Put the Mopie Down*, while singer Freddie McGregor adds Bob Marley's uplifting *Three Little Birds* to the playlist for children. But its most surprising track is *The Old Man by Yellowsun*, a rapping version by a deejay known for a deejay performance.

One performing duo that has earned the respect of parents and teachers alike is Toronto's Kim & Jerry Brothers. Their independent recordings, including *Can You Hear My Heart and Let's Move*, Tim Parent, feature songs that deal intelligently with issues that include racism and the environment. But with their bright harmonies and imaginative musical backing, the Brothers make their message so easy to swallow.

For sheer silliness, however, there are such performers as Kirk & Margo from Pickering, north of Toronto, and Winnipeg's Rocke Roberts who, as his name suggests, takes a run rock of rock approach to music for young people. Rock is often avoided, says Serinik, when it comes to children—"That's because parents don't want their teenagers off the walls." But on Roberts' new release, *Go the Robots* (VNU), *St. George*, the performer, whose real name is Peter Jordao, was very lyrical about dinosaurs, babies and peacocks. But he's also a rock star. He's got a lot of rock in him, he's a real rocker. And his breath stinks!"

Still, for parents, children's music must be able to hold up to the repeated listening that youngsters often demand. And for songs to stand the test, they must have catchy lyrics as well as musical distinction. This makes The Tecks one act worth looking for. Made up of celebrated poet Robert Priest, composer Allen Booth and singer Daniel Sears, the Toronto-based trio boasts two of the most listenable releases available. *Peppercorn* (Labrador) and the recent *Wondering about* (Wonderful) Performers like The Tecks show that children's music has come a long way. They make songs for youngsters a truly grown-up pleasure.

NICHOLAS JENNINGS



Grusky's globe-trotting *Pied Piper* offering exotic sounds from West Africa to Brazil

market. But family entertainment has grown dramatically in the past few years. Now, there is a wide variety of styles and a whole new wave of performers. And this holiday season, parents face an unprecedented number of recordings from which to choose. *Star Joseph*, president of AAM Records of Canada Ltd. "This is the biggest fall season ever."

The pioneering music label is children's music. And has a large roster including one of the most established acts, Shogun Loto & Trom. Sales for the Toronto-based trio's album, *Great Big Mix*, have topped two million in North America. They have been joined recently by Canadiana Kids, creators of such popular recordings as *Shelby*

children's music moving away from folkloric towards more exotic styles from around the world. A globe-trotting *Pied Piper*, Australian Grusky offers a little West African dance music, some Argentinean tangos and even a playful version of *Smile* on his latest recording. And he introduces such fascinating instruments as the Brazilian *maracas* how, which he features on the lovely *Song of the River*. Grusky's music spirit draws from all of his compositions, but without falling victim to the excessive characteristics of some performers for children. In *Don't know*, he describes the excitement of having "a sweet, melodious sound—like the song of someone playing."

The trend to global sounds, according to most

Photo: J. Smith

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Castles in the air

Guy Gavriel Kay mixes history and fantasy

Guy Gavriel Kay says that as a teenager in Winnipeg, he wanted to play knight, sing for the Toronto Maple Leafs. And he is grateful that he also wanted to follow in Clarence Darrow's famous legal footsteps. Kay, 39, did not end up in the NHL or in a courtroom, although he was called to the bar and still plays gaelic hockey every Sunday in Toronto with a gang of ex-Winnipeg friends. Instead, his third dream was to see his play acted: to grow up to be a full-time best-selling writer. Kay's latest novel, *A Song for Arborea*, is likely to match or surpass the previous wild success of his first four books: *The Pioneers Trilogy* (1984 to 1986), a high-fantasy trilogy, and the single-volume *Tigana* (1990). All four books were published in Canada, the United States and Britain, then translated into eight languages. The trilogy is now in its sixth printing in Britain and so far, among other honors, Kay has won two coveted awards for best English-language speculative fiction: *A Song for Arborea* (Penguin, \$25.95), meanwhile, delivered a million seven-best-seller lists, including *Maclean's*, in recent months.

For Kay, the high-struck barons of history and the charged fumes of criminal courts are now on the shelves. But, up in the third-floor office of the house that he shares with his youngest wife, Laura, and their two-year-old son, Samuel, Kay creates fictional realms where warriors raise their swords in battle and powerful figures ride literally through powerful judgments. And although he does not practice law, Kay has maintained a connection with the legal world through 12 years of writing for the popular city radio and television stations. The *Sons of Anker* which dramatizes Ontario Canadian legal cases.

Kay: rescuing fantasy from its post-Rolkins leech

father's interest. The result was *The Silverlens*, a companion of the older Tolkien's writings about his fantasy universe, *Middle Earth*, which was published in 1977. "The police didn't have any idea of what was, except for the *quiescent* the word 'Tolkien' means," said Kay. "But the industry did because *The Silverlens* was a monstrous success."

Applied by the imaginative Tolkien clones chugging fantasy shelves. Kay later set himself the challenge of creating the form from

into Tolkien's laws. *The Pioneers Trilogy* was a stunning debut, a high-fantasy, high-powered epic that became an instant classic among the sword-and-sorcery set. With *Tigana*, Kay returned the trilogy's gripping pace, fleshed-out characters and life-and-death decisions. But he made a striking departure from his previous novels when he placed the story in a world reminiscent of Renaissance Italy, instead of building a world from scratch. *Tigana* was based on months of careful research and was written in Tuscany, part of the author's habit of writing his books abroad (he wrote two of the trilogy books in Crete and New Zealand).

Kay describes his process of creating a recognizable world in which fictional events occur as "history with a twist." He admits: "I'm losing my work on a general, but I'm not writing about that period. I'm writing it in order to allow for some reflection on how we didn't have to end up where we are today." Kay says that the writing of history and fantasy allows him to reflect on the past without being bound to a known outcome.

A Song for Arborea, which he researched and wrote during two trips to Eyrewood, is another narrative mixture of imagination and reality. The real world that he inhabits is medieval France, in particular the brief, localized flowering of courtly love and the troubadour movement. The book explores the battle between a culture where men and women are moving towards equality, and a warrior society driven by a fierce, paternalistic religion. In the land of Arborea, a place of chivalry and gallantry, women and men were equal in the golden and the good. To the north, in Gothard, men rule the women and give to their only the good. Conquest is, of course, sent on fire a grade.

In Kay's view, the 12th-century code of chivalry was a staggering change in attitudes towards women. "The idea of a woman as someone to be appealed to, someone above you, was an unbelievable step forward in the status of women in Western history," he said. In fact, the civilization that originated these ideas was swiftly created by a Church-sanctioned crusade. Although *A Song for Arborea* echoes that struggle between northern and southern cultures, Kay delivers a totally different ending.

Arborea demonstrates that Kay's writing style has smoothed out over the past two books, and it may reach the level of a polished sword. Kay's writing style has smoothed out over the past two books, and it may reach the level of a polished sword. Kay's writing style has smoothed out over the past two books, and it may reach the level of a polished sword.

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Adventures in history

The story of Canada comes alive for the young



Daniel's illustrations: a strong sense of mythic scale

THE STORY OF CANADA

By Janet Lunn and Christopher Moore
(Illustrated by Alan Daniels)
(Ryerson Press, 320 pages, \$35)

Canadian schoolchildren probably know more about American television programs than about Canada's past. Encircling westerners and eagerly devouring *The Story of Canada* may not change that situation, but it has the capacity to create pride and interest in a subject that is as crucial to the country's survival as constitutional talks and trade imbalances. Perhaps the biggest surprise about *The Story of Canada* is that there is no other children's history book like it. *Canadian Chronicles*, Moore, a 1982 Governor General Award winner for his children's book *Lonely Portraits*, recalled that, before *The Story of Canada*, "There were lots of school texts about Canadian history, as well as books about different events and characters. But there was no comprehensive story of Canada aimed at families and kids in the 10-and-up age group. These seemed to be a hole there."

Five years ago, under the guidance of editor Louise Drayton, Moore teamed up with noted

children's author Janet Lunn and illustrator Alan Daniels to begin work on a new look at Canadian history book. Their aim was to avoid a dryly factual, encyclopedic approach in favor of old-fashioned storytelling. "We thought that what kids could relate to best were stories about Canada," Moore says. "And if they started with that, then in later years they could grow into a deeper appreciation." The authors also sought to produce a book that would be as suitable for family use as for schools. Indeed, *The Story of Canada* has as much appeal for adults as for children. Judith Senek, the owner of Toronto's Children's Book Store, says that when it first arrived in her shop, she could not stop herself from "reading it right through." Senek said that sales are brisk, adding "I think it would make a wonderful book for new Canadians. We should present a copy in every person who arrives from another country."

The Story of Canada begins with the age of the dinosaurs and ends with the government of Prime Minister Brian Mulroney. It touches all the recognized high points of Canadian history, filling out the overall narrative with scores of stories about some of the individuals and groups that have lived and struggled on the Canadian landscape. In one typical passage the authors describe the predicament of the United Empire Loyalists, who escaped north after the American Revolution had opened them from their homes. They arrived with no life when they found the Loyalist experience in the figure of John Crysler, who as a child fled with his family to the Montreal area and, at age 7, became a drummer boy on the British side. When he was 14, his service was him a 108-acre farm on the St. Lawrence River.

Such anecdotes often appear in colorful, illustrated boxes set off from the main text. One box, describing a Blackfoot buffalo hunt, makes a vivid appeal to the imagination: "You could feel the earth-shaking under the thunder of their hooves," the authors write, "sawing up the danger and thrill of driving a buffalo herd between two roaring, yelling lines of people towards the edge of a cliff. The book

continues dozens of such highlights, from a voyageur (hull) tale about a flogging canoe to a gripping survival story from explorer Daniel Thompson's diaries.

The Story of Canada pays a great deal of attention to women, native people and other groups that have often received scant attention in conventional histories. As well, the authors have selected their stories from all regions of the country, creating a strong sense of the breadth and diverse nature of the Canadian experience. Moore and Lunn clearly see multiculturalism not merely as a quibbling government program imposed from above (as some of its critics do), but also as a fact of Canadian history present from the beginning.

Still, out of the great diversity of stories that they present, the authors have managed to forge a sense of a single, continuing epic—the tale of one storied nation. That great accomplishment takes much of its impact from Daniel's illustrations, which lend a strong sense of action, reality and mythic scale to the whole enterprise. Many of his pictures, including his longly detailed panorama of a Newfoundland fishing outpost, tell a story in themselves. Larger, two-page illustrations—some portray a bloody battle scene from the War of 1812—depict any lingering notion that Canadian history is dull.

No country is ever settled just once. Each new generation must settle it again in their imaginations. *The Story of Canada* is one of the finest books that young Canadians have ever received to help them shape their country's past for the future.

JOHN BEMROSE

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- 6 *Good Bones, Michael Ondaatje*
- 7 *The Life of the Body, Michael Ondaatje*
- 8 *For Art's Sake, Michael Ondaatje*
- 9 *The Children of Men, Michael Ondaatje*
- 10 *Driving Home, Michael Ondaatje*

NONFICTION

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- 2 *Sex, Michael Ondaatje*
- 3 *Every Living Thing, Michael Ondaatje*
- 4 *Run, Michael Ondaatje*
- 5 *The Mother Tongue, Michael Ondaatje*
- 6 *The Story of Canada, Lunn & Moore*
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